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CHINA REPORT

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No. 22, 16 Nov 1984

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CONSCIOUSLY RELY ON AND USE THE LAW OF VALUE TO SERVE PLANNED ECONOMIC DEVELOPMENT

Beijing RED FLAG in Chinese No 22, 16 Nov 84 pp 2-6

[Article by Gui Shiyong [2710 0013 6978]]

[Text] The "Decision of the Central Committee of the CPC on Reform of the Economic Structure" has pointed out that in order to establish a planning system which integrates both unity and feasibility, we must, proceeding from the actual conditions in China, discard the traditional idea of pitting the planned economy against the commodity economy; and consciously follow and apply the law of value to the administration of planning. This judgment of the "Decision" has scientifically summed up China's past experience in implementing the planned economy, further pointed out the direction of reform in the planning system, and theoretically enriched and developed Marxist political economy. Therefore, it possesses both great immediate significance and profound historical significance.

I

The relationship between the planned economy and the commodity economy under the socialist system, or in other words, the question of the destiny and status of commodity production and the law of value in the socialist economy, is of vital importance but has not been correctly solved over a long period in the past.

Before a victory of the socialist revolution was won, writers of Marxist classical works predicted that on the basis of public ownership, socialism would readjust consciously and in a planned way the production of society. Hence, commodity production would wither away because of the lack of conditions for its existence, and the law of value would no longer function. They held that commodity production was a product of the division of labor in society and of private ownership. Only individual labor in the division of labor in society needed to reflect, in terms of value, its social character by means of commodity exchange. Once all means of production were owned by society, labor itself possessed direct social character. Therefore, products would not take commodity form, and the labor consumed for the production of products would no longer be reflected in the form of value.

The progress of the development of history is, however, greatly different from that predicted by the classical writers. The practical experience of some countries which have won the socialist revolution has shown that in the socialist economy, which is based on public ownership, commodity production does not wither away; and all policies and measures that aim at abolishing commodity production end in failure. How do we understand and explain such a phenomenon? Over a long period in the past, there has been an authoritative concept which links this phenomenon together with two forms of public ownership; and which holds that at a certain stage, because both the ownership by the whole people and the ownership by the collective exist in socialism, the exchanges between them as well as those between collective economies still bring about the commodity exchange which involves the transfer of ownership, and which must observe the principle of exchanging at equal value. According to this concept, commodity production is just a temporal phenomenon of the socialist economy. This is because within the economic system of ownership by the whole people, which occupies a dominant position in the national economy, the actual commodity-money relationship no longer exists. Therefore, the logical conclusion is that generally speaking, the socialist economy is no longer a commodity economy. Instead, it is mainly the opposite of commodity production which is related to the collective economy, the law of value--which functions to a certain extent--and more or less to the planned economy--which directly distributes labor in society as a whole.

Is this concept correct? Relatively speaking, it is undoubtedly progress to confine commodity production totally to the private ownership economy, and to totally exclude the function of the law of value. However, judging from reality, particularly the actual conditions of China, this understanding is still far from enough. In fact, it still greatly underestimates the necessity and urgency for developing commodity production during the socialist stage, as well as of applying the law of value in the planned economy. These theoretical and ideological limitations have brought negative results to the economy in various ways. In particular, we ignored economic results in economic construction; and ignored the use of economic levers and the function of market readjustment in the economic system. Consequently, the healthy development of the national economy was seriously affected.

The crux of the question is our understanding of the character of commodities in the economic system of ownership by the whole people. In other words, whether or not the actual commodity-money relationship exists within the economic system of ownership by the whole people, and in connection with this, whether or not the socialist economy is a commodity economy? Theoretically speaking, the "Decision" has made an important breakthrough point. That is, on the basis of summing up our past experience, particularly the experience since the 3d Plenary Session of the 11th CPC Central Committee, it has given a scientific affirmative answer to the question, thereby giving us a progressive and profound understanding of commodity production and the law of value during the socialist stage, as well as of the characteristics of the socialist economy and the laws governing its performance.

The commodity-money relationship also exists within the internal sectors of the economy under the system of ownership by the whole people, and the economy's products have more than just the "shell" of a commodity. The fundamental reason is that enterprises owned by the whole people are relatively independent, establishments business; and have their own economic interests. Unlike traditionally assumed, socialized production is a very complicated entity. On the one hand, society has manifold needs and is always surrounded by change; and on the other hand, the labor and working conditions of workers in various trades greatly differ from each other and are also constantly changing. Under these circumstances, it is simply impossible to have a single core of society directly control the labor of each individual, make decisions on all kinds of production, and determine the production-demand relations of each link in the production chain. Therefore, objectively speaking, this requires the economic system of ownership by the whole people to appropriately distinguish the ownership of the means of production from the power of management; and to run the business at two levels: the state and the enterprise. In other words, the state which holds the ownership on behalf of the people should lead and organize the economy by taking into consideration the overall situation; and under the plans and supervision of the state, enterprises which utilize the means of production should independently manage their production and business. Conforming to this relationship of operation, the principle of distribution according to work should also be carried out among the enterprises; and we should link up the workers' payment for labor, as well as other material benefits, with the business results of their enterprises. That is, since enterprises have their own decisionmaking powers, they should also have their own economic benefits. It is due to this relatively independent power of management and economic benefits that the enterprises are required to treat each other as commodity producers and operators. Hence, the exchanges among them abide by the principle of exchanging at equal value. For this reason, we may come to the following conclusion:

First, the commodity-money relationship in the socialist economy is the inherent one that is rooted in the socialist economy, rather than being caused by external conditions or in addition to the socialist economy. This is an important, inherent particularity of the relationships. In other words, judging from an important aspect, the socialist economy is still a commodity economy.

Second, the socialist commodity economy is based on public ownership. The production relationship that it reflects is the enterprises' different relations of economic benefits on the basis that their fundamental interests coincide. This practice abolishes exploitation as well as eliminates the conflict of fundamental interests among the producers. Therefore, this not only totally differs from the capitalist commodity economy, but also differs in nature from the simple commodity economy. It is required as well as possible that this commodity economy is carried out in a planned way within the extent of society for a common goal. It is simply due to this particular property of the socialist commodity economy that the commodity economy can be united with the planned economy rather than be in opposition to it.

In order to correctly understand this unified characteristic, we must grasp the dialectical relationship between the generality and the particularity of the commodity economy. The commodity economy is a mode of production. Under the circumstances of the division of labor in society, it reflects the relations among producers and operators who receive different economic benefits. Provided that there is division of labor in society and main bodies of operation which receive different economic benefits, we must observe the principle of exchanging at equal value and that the commodity production exists. This is the generality of the commodity economy. In the meantime, due to different economic benefits among the main bodies of production and management, as well as different content caused by different social and economic conditions under different social systems, the commodity production in different societies bears different social characteristics. This is brought about by the different contents reflecting the relationship of economic benefits. For example, there is a simple commodity economy which reflects the relations of individual private owners, the capitalist commodity economy which reflects the capitalist relations, and the socialist commodity economy which reflects the mutual relations of public ownership. And this is the particularity of the commodity economy, in which the generality resides and which is expressed in a particular form. We must, however, by no means treat a certain kind of particular form as the general one, and mix it up with the generality.

II

Under the socialist system, to consciously follow and apply the law of value to serve planned economic development is the crux, as well as the foothold of uniting the planned economy and the commodity economy. To value and follow the law of value reflects the requirement of the socialist economy's commodity character. On the other hand, to consciously apply the law of value and to make it to serve planned economic development, as well as for meeting the people's needs, reflect the requirement of the socialist economy's planned character. Therefore, once we have grasped this point we have grasped the core of the question, we can integrate planning with the marketability of commodities, and can grasp in a rather all-round way the laws governing socialist economic development.

The essential requirement of the planned economy is to appropriately maintain major proportions, and to promote proportionally and in an all-round way the national economy by increasing economic results, so as to meet the people's growing material and cultural needs. In the final analysis, the proportions among various departments of the national economy and various links of the social reproduction chain is the distributive proportion among various functions of social labor; whereas the economic results of production and operation are the balance and comparison between labor consumption and effective results. Under the circumstances in which labor is still reflected in terms of value, it will be impossible to correctly calculate and distribute labor, nor will it be possible to determine an appropriate proportion for social production, when we do not understand or apply the law of value as well as its development. Similarly, it will also be impossible to strictly compare labor consumption and effective results, or to stress

economic results. At the same time, in the socialist commodity economy, the demand of the people is satisfied through purchasing commodities and laboring in the market. Hence, demand is reflected in terms of ability to pay, while supply is reflected in terms of provision of commodities at a certain price level. Therefore, the balance and consistency between demand and supply involves not only the application of the law of value but also the question of value, which should also be restricted by the law of value. All of this shows that national economic planning, which mainly readjusts and distributes social labor, is simply not feasible if it does not take the law of value as an important basis, just like rowing a boat without understanding the applied force and the reaction force of water. Because we ignored the law of value in the past, the sparing use and rational distribution of labor was seriously affected and superiority of the planned economy was hindered from being displayed to a great extent.

Furthermore, since there are still main bodies which gain different economic benefits as a result of their operation in the socialist economy, and their operation results are closely related to their material benefits, the conservation and distribution of labor must be achieved by correctly handling the economic benefits of various areas. And exchanging at equal value is an important principle for appraising the operation results of enterprises, as well as coordinating their economic benefits. It is also a necessary condition for implementing the practice of distribution according to work among the workers. This situation shows that not only must we make the law of value an important basis when formulating plans, but must also apply the law of value when implementing the plans. Only thus can we give play to the initiative of enterprises and workers, and can we strive to achieve the goals planned by the state. Our experience over the years has shown that it is usually difficult to achieve effective results, though we have spent great efforts, just by assigning projects and targets to the lower level when carrying out the plans. On the contrary, we can quickly achieve the expected results if we adopt the correct pricing policy.

But the most important point is that the economic activities of society are complicated and changeable. It is impossible for the state to know clearly about every economic activity and its development trend. In addition to technical reasons, this is also because the state is incapable of estimating correctly the initiative at various levels, to which economic benefits are closely related. In the meantime, various economic activities, though they are closely related, are different and bear different significance in readjusting and developing the national economy. While some of them are of vital importance to the overall situation, some play a supporting role. Under these circumstances, it is neither possible nor necessary for the state plan to control all economic activities. Otherwise, we shall encourage subjectiveness and arbitrariness; seriously damage the vitality and vigor of the enterprises; and bring about disruption in production and demand, stagnation of technology, low efficiency and proportionate dislocation. We must understand in a truth-seeking way that over a very long time in the past, our national economic planning has, generally speaking, been only a rough outline and full of elasticity. Under the precondition that state planning can influence the economy in an all-round way, we should

apply to a higher degree economic levers and the function of market readjustment to guide enterprises. Thus, this can make enterprises act promptly to suit market demand, actively improve the variety and quality of product quality, reduce the cost of production, and increase economic results. Though it seems that we have loosened the control over planning, this is, in fact, more favorable to achieving the requirements of the planned economy, and to ensuring that the national economy as a whole develops in a coordinated way. Will such practice bring about blindness in action? Provided that the work is done well, we can avoid large-scale blind actions, though there will still be small-scale ones. Compared with the gigantic initiative generated by this practice, however, this drawback is outdone by the advantages.

Judging from the above analysis, we can see that under the conditions of socialist commodity economy, both the formulation and implementation of plans must follow and apply the law of value. Otherwise, the advantages of the planned economy cannot play their proper role. When we say that the socialist planned economy must consciously follow and apply the law of value, does this mean that it only follows and applies the law of value? Of course not. The economic laws that function in the socialist economy also include the basic economic law of socialism, the law of planned development, the law of distribution according to work and so on, in addition to the law of value. Our plans, policies, and measures should, of course, also follow and apply these laws, particularly the basic economic law of socialism. On the economic development at a certain period, we chiefly determine its direction and goal by following the requirements of the basic economic law of socialism, and by taking into account in an all-round way the political, economic, and other conditions. We apply the law of value so as to achieve the goal of economic development; and at the same time, only thus can we achieve in a better way our goals.

III

In order to consciously follow and apply the law of value, and to effectively implement the planned economy, we must reform the present planning system which ignores the law of value. Such a reform must focus on solving the question of reducing systematically and appropriately the scope of mandatory planning, while expanding the scope of guidance planning. In the meantime, we must put an end to the situation in which we manage planning mainly through administrative means. We must also give full play to the functions of economic levers, such as pricing, taxation, and credits and loans; as well as that of market readjustment.

On the planning system, any attempt to carry out comprehensive mandatory planning is a chief reflection of ignoring the law of value. In order to apply well the law of value, we must determinedly discard the traditional idea of treating the planned economy as equivalent to unitary mandatory planning. We must clearly understand that the planned economy differs from the practice of regarding mandatory planning as the most important thing. In order to let the state grasp the necessary material strength so as to readjust social production and to apply the economic levers, and in order

to ensure that decisions on the macroeconomy are achieved, we must exercise mandatory planning on the part of the important products which require the state to allocate and distribute and which is of vital importance to the nation's economy and people's livelihoods, as well as on the major economic activities which are of vital importance to the overall situation. In other words, though mandatory planning is a necessary form when implementing the planned economy, it should by no means be excessive. This is because mandatory planning involves compulsory tasks which must be accomplished. It requires the state to understand correctly and balance well the situation of supply, production, and marketing. If we implement mandatory planning to excess and beyond the necessary and possible level, subjectivist practice, which is divorced from reality, will thus develop. Thereby, the initiative of enterprises is trammelled and negative results are produced. In view of the present situation in which planning is controlled to excess, we must, at present and for a long time in the future, systematically reduce the scope of mandatory planning, so as to expand the decisionmaking power of enterprises and to add vitality to them. At the same time, we must take into account the situation of market supply and demand when formulating and implementing mandatory planning. In addition, we must also rationally determine prices and tax rates, and try our best to ensure that enterprises can get their proper economic benefits, thereby encouraging them to implement the plans. It is an incorrect idea that mandatory planning can be implemented only through administrative means while ignoring the application of the law of value. We should rectify this.

While reducing the scope of mandatory planning, we must correspondingly expand that of guidance planning, which has no compulsory nature. Unlike mandatory planning, the state guides enterprises to actively achieve the planning mainly through economic levers and economic contracts. The state will take administrative measures as a supplement only when they are necessary. The implementation of guidance planning reflects, on the one hand, that the state guides, by following the general decision, the enterprises in planning; and on the other, it leaves considerable room for the enterprises to maneuver, so that they can flexibly and independently produce things that are needed by the state. If this work is done well, we can unite in an organic way the state's guidance on planning with the initiative of enterprises, thereby achieving the aim of improving microeconomic results and maintaining macroeconomic balance. To a great extent, the key to successfully reforming the planning system and developing a new setup in the work of planning depends on whether or not we have scored decisive success in correctly and effectively implementing guidance planning.

Under the precondition of implementing both the mandatory planning and guidance planning on the main body of the national economy, we may allow the market, that is, the law of value, to consciously and completely readjust the laboring activities of some products, mainly the farm and sideline products, small commodities for daily use, and service trades. Since time and local characteristics play an important part in producing and carrying out labor activities concerning these products; and since these products have rather little influence on the overall economic situation, it is impossible as well as unnecessary to include them in planning. On the

contrary, it would be favorable to integrating production with demand and enriching and making people's lives easier if we allowed market prices to play their spontaneous regulatory role within the limits prescribed in the plan. Therefore, they are a systematic production and circulation, and a useful complement; and they play a supporting but indispensable role in the national economy. Of course, this kind of market readjustment differs from the totally free market readjustment under the capitalist system. This is because the former is systematic production and circulation. It is within the limitations of planning, and its activities must be guided by the state's policies, decrees, as well as industrial and commercial administration. Therefore, generally speaking, it is restricted by state planning.

In the wake of an appropriate reduction of the scope of mandatory planning and an appropriate expansion of the scope of guidance planning, we must, in the planning administration, attach great importance to the role of economic levers. The more we invigorate the economy, the more we must attach importance to the regulatory role of the macroeconomy, and the more we must, on the basis of promptly mastering the economic situation, readjust various economic activities by applying comprehensively the economic levers, such as pricing, taxation, and credit and loans. Through the overall balance of planning and the readjustment of economic means, we must manage to administer well the overall situation while taking a relaxed attitude toward specific practices, so as to ensure that the major proportionate relations are rather appropriate and the national economy is developed in a comprehensive and coordinated way. Over the past, we used to propel the economy forward through administrative means. We must, in future, learn to master the economic levers and switch our focus of planning administration onto this area. In line with this, we must, in our planning work, emphatically grasp well intermediate and long-term planning, while we may appropriately simplify the annual plan. We must attach great importance to and really strengthen the work of forecasting and responding to economic information. We must also strengthen the study of the planned economy, so as to constantly improve the scientific nature of planning.

To sum up, our goal is to achieve a planned economy with Chinese characteristics. This planned economy basically differs from the market economy of capitalism, as well as the stereotyped, ossified planned economy which is carried out only by means of administrative orders. Instead, it is the socialist planned economy which integrates unity with flexibility, and which is full of vitality and vigor. Once we have established this planned economy, it is possible that we can achieve our goal that we have longed for, that is, we control but not to excess and the market is free but not enough to bring about disturbances. Therefore, we can integrate in an appropriate way the improvement of microeconomic results with the maintenance of macroeconomic balance, thereby creating a new situation in the development of the national economy.

EXERCISE EFFECTIVE CONTROL OVER MAJOR ISSUES WHILE ALLOWING FLEXIBILITY ON MINOR ONES

Beijing RED FLAG in Chinese No 22, 16 Nov 84 pp 7-11

[Article by Wu Junyang [0702 0193 2254]]

[Text] In the course of reforming the economic structure, various kinds of reforms will involve the planning system, and how to reform our planned management system is the core of the reform. After summing up both the positive and negative experiences of our country in implementing a planned economy, the "Decision of the Central Committee of the Communist Party of China on Reform of the Economic Structure" pointed out that: "The socialist planning system should be one that combines uniformity and flexibility." "We must be realistic and admit that for a considerably long time to come, our national economic plans on the whole can only be rough and flexible and that we can do no more than, by striking an overall balance in planning and through regulation by economic means, exercise effective control over major issues while allowing flexibility on minor ones. In this way, we will be able to ensure the appropriate proportions between the major economic branches and, in general, the proportionate and coordinated growth of the national economy." The so-called "effective control over major issues" mainly implies management of macroeconomics and "flexibility on minor issues" mainly implies microeconomic activities. I want to elaborate on the understanding of the question of reforming the planning system based on such an interpretation.

I. Giving the Microeconomic Decisionmaking Power to the Enterprises Including the Right To Plan and Manage on This Microeconomic Level, on the Premise of Following State Plans and Subjecting Themselves to State Control, Is the Crux To Invigorating Enterprises

For a long time in the past, we were theoretically bound by traditional concepts and our understanding of the planned economy and the relationship between the planned economy and the commodity economy was inadequate. As a result of this, in practice, we were used to managing a socialist commodity economy by adopting the methods of a product economy. As far as planned management was concerned, administrative means were predominant, mandatory quotas were predominant, specific management was predominant, and annual planning was also predominant; and as far as the procedure of drawing up

annual plans was concerned, the most dominant phenomenon was starting from the higher levels and proceeding to the lower ones. Such an overcentralized method of management was in fact centralizing microeconomic activities such as the interrelated and continuous activities of supply and demand into the hands of the state planning departments and the business management departments so that management could be carried out by artificial administrative means by dividing up into regions and departments. It enabled our planned organs and business management departments to be busily engaged in the calculation of planned quotas, investment of fixed assets and arrangement for capital construction, and in the distribution and balance of material objects, but on the other hand, it also enabled these departments to relax planning for the long-term strategic problems and research on the major proportions of the national economy and weakened the function of the advisory department of the national economy. Therefore, "in the reform of the planning system, it is necessary, first of all, to discard the traditional idea of pitting the planned economy against the commodity economy. We should clearly understand that the socialist planned economy is a planned commodity economy based on public ownership, in which the law of value must be consciously followed and applied." Only in this way can we really achieve the goal of exercising effective control over major issues while allowing flexibility on minor ones.

Modern large-scale production is carried out among thousands and thousands of economic cells--the enterprises. Only the enterprises can master the pulse of microeconomic activities and make prompt and flexible responses. A socialist enterprise is a relatively independent entity and should become a socialist commodity producer and commodity operator which can independently manage the business and be solely responsible for profits and losses. Thus, it must possess the power to solve the connections among supply, production, and marketing and the rational arrangements among manpower, financial resources, and material resources. Practice has proved that an overcentralized method of management in these areas only causes great harm. Mandatory planning, in which the material objects take predominance, formulated by our leading organs, despite how specific or meticulous it is, is unable to cope with the ever-changing market situation and the supply and demand relationship and can hardly solve the problem of the marketing of products. Simultaneously, it will also bring along a situation in which technical advances are slow, the management level is backward, the economic returns are low, and the quality of enterprises is hard to improve. In order to change such a situation, it is necessary to implement the following five changes in the method of planning:

1. Appropriately reduce in a planned way the scope of mandatory planning and appropriately enlarge the scope of guidance planning and market regulation. And in accordance with this, as far as the balance of financial and material resources is concerned, it is necessary to give consideration to the balance, utilization, and management of social funds and resources instead of giving major consideration to the utilization of budgeted funds and centrally distributed materials.

2. The focus of planning work must be shifted from grasping annual planning to grasping medium and long-term planning; it is necessary to appropriately simplify the annual planning, seriously promote medium and long-term planning and make the planning more scientific and predictable.

3. Break down barriers between the regions and departments and in accordance with the traditional method of establishment, execution, and examination plans of the regions and departments to gradually shift to focusing on the central cities, develop various kinds of economic joint bodies and economic zones, accordingly formulate a new economic network which is beneficial to the development of commodity production and commodity circulation, simultaneously give play to the role of macroeconomic management of the government at all levels and the guidance of the various business management departments in complying with centralized planning and individual management. As the role of the regions cannot be played by the departments and vice versa it is necessary to give them new economic functions many of which we are not familiar with and will have to solve in the course of actual practice.

4. The approach of the management of planning must be shifted from adopting the administrative approach to making use of the economic approach which means the economic levers. As far as this question is concerned, the experience of the reform of agricultural planning can give us very convincing inspirations. I remember after the goal of "four, five, eight" was put forth during the national agricultural development program during 1956 to 1967, each year, we had to calculate when we could achieve an annual grain yield of so many hundreds of millions of jin and how much we had to invest in order to achieve this goal. We had been doing this for many years but were unable to promote agricultural production. Since the 3d Plenary Session of the 11th CPC Central Committee, respect was shown for the production brigades and the peasants, various kinds of responsibility systems based on households with remuneration linked to output were implemented, simultaneously the procurement price of agricultural products was increased which greatly improved the peasants' initiative and increased agricultural production by leaps and bounds. This proved that: Financial power, material power, and other means are necessary in achieving the quotas, but the most powerful means is the economic policies and the use of the economic levers.

5. To use the law of value and the economic levers to regulate production and construction and regulate the relationship between supply and demand. The planning organs and in particular, the central planning organs and provincial, municipal, and autonomous regional planning organs must shift from only grasping the balance of use value to gradually grasping the balance of use value and strengthening the value indexes. It is necessary to delegate the power to make use of the balance of value to the economic organs and enterprises of the central cities. Certainly, this does not mean totally abolishing the balance and management of the material objects.

We must materialize the five above-mentioned changes and appropriately demand that the state delegate to the enterprises microeconomic decision-making rights so that they can, under the premise of complying with state

planning and being subject to state management and on the basis of strengthening the horizontal relationship, make use of economic contracts and other approaches and act on their own to formulate their own production and management plans in accordance with the state's medium and long-term planning and the information and forecasting obtained by the enterprises themselves by conducting surveys. Simultaneously, they should formulate the annual plan of the national economy with the coordination of the planning organs at various levels starting from the lower ones to the upper ones, and really promote the microeconomic activities. It is not only necessary but practicable to do this because:

First, since the socialist economy is a planned commodity economy based on the public ownership system, under the circumstances of the extensive existence of commodity production and commodity circulation, decisionmaking rights regarding microeconomic activities should and only belong to the enterprises and also belong to economic bodies which can be run on their own under certain conditions and which are solely responsible for profits and losses. They should not belong to the state administrative organs and profits and losses can never be centrally undertaken by the state or administrative organs at all levels. If the all-people's ownership system is thought of in terms of central responsibility for profits and losses and of the right of ownership being the same as the right of management, we will be unable to talk about abolishing "eating from the big pot of rice" or separating the functions of the city governments from those of the enterprises, or achieving simpler and more decentralized administration. Thus, we will be unable to overcome the various flaws of the present economic system or to invigorate the enterprises.

Second, in a certain sense, giving the enterprises decisionmaking powers in production and management means decentralizing the annual goods ordering conference to routine work which should be undertaken by the enterprises with their own initiative. Under the present planning system, the annual plans allocated by the state cannot be directly taken by the enterprises as the basis for organizing production and coordinating supply and marketing because the quotas of the material objects in the plans specifically mean certain products such as rolled steel, gauze, and others, but what the enterprises need and produce are usually rolled steel and gauze of various types and colors, and this specific coordination among supply, production, and marketing is in fact solved by the goods ordering conference (the means of living are solved by industrial and commercial consultation and goods ordering and so on). After we have given the decisionmaking right in production and management to the enterprises, it is possible to, in the form of contracts, establish direct fixed point, fixed quantity, fixed quality (including varieties), and fixed time supply relationships between enterprises, between enterprises and the construction units, between the enterprises and the marketing centers of the means of production, and between the enterprises and the trading centers of the means of living. Thus, this greatly relieves the work of the planning organs at all levels and the business management departments, minimizing the necessary administrative work so that more efforts can be made in grasping the important questions in economic work.

Third, is it possible to achieve such changes? Not long ago, we conducted a survey of the situation of the machine building enterprises in reforming the planning and management system. Before 1981 when the national economy was further readjusted, the machine building enterprises were basically complying with mandatory planning. The national economy was further readjusted in 1981 and the capital construction front was reduced. As a result of this, many machine building plants had no work to do and no more mandatory plans were allocated by the upper levels. This only forced the enterprises to find their own work. They took the initiative to conduct market surveys, improve the collection of market information, improve the quality of service, and directly contact clients for orders, thus proceeding on the road of expanding the scope of market regulation. As far as the form of such practices is concerned, it seems that planning has slackened, but from a more practical point of view, the products are much more marketable. Over the last 2 years and in the wake of the expansion of the scale of construction, the mandatory quotas among the production plans for machine building has been enlarged, accounting for an average of 30 percent, products produced in complete sets accounted approximately for 50 percent. There is a considerable portion among these mandatory plans which are forecast and recommended by the enterprises to the Ministry of Machine Building to be included in the annual plans in accordance with the contracts for orders and the market demand. In other words, although it seems that such "mandatory quotas" are allocated to the lower levels by the upper ones, they are in fact submitted by the lower to the upper levels. The survey has also shown that the production tasks of certain key enterprises for the next few years have been roughly fixed. This shows that these enterprises possess the qualifications to exercise the annual plans and the decisionmaking right in production and management under the guidance of medium and long-term planning.

At a seminar with the comrades of the materials departments, we have also understood that among the annual rolled steel output, as far as the total output is concerned, about half did not have to be redistributed (as far as the specific models are concerned, they are to be solved by the enterprises concerned by means of the orders contracts). The other half could be divided into two parts: One for guaranteeing the demands of the newly added major construction and the other for handing over to the means of production marketing centers to be regulated by the market. However, there is a prerequisite that the total demand and total supply of the whole society must be balanced, otherwise, it is unable to enliven microeconomics or to ensure keypoint construction.

Some comrades worry that the state's production plans will be disturbed if the decisionmaking power in production and management is given to the enterprises. Will the enterprises deviate from the track of state planning? Will the demands for keypoint construction be ensured? These worries are comprehensible. However, they will become unnecessary if profound analyses are carried out. As far as the key enterprises are concerned, the production orientation of these enterprises has already been fixed and cannot be shifted arbitrarily. The only permitted changes are in the pattern, varieties, and standards of the products and these changes are only to follow the changes of the consumers' needs and the market situation. The

production orientation of the small-scale enterprises will change in accordance with the change of the supply and demand situation and these changes are not irrational. Repeated production and repeated construction are not necessarily linked with expanding the decisionmaking right of the enterprises. In the past when the state was responsible for everything including being responsible for profits and losses, repeated production and repeated construction were also found. While giving the enterprises the decisionmaking right in production and management, the state must consciously follow and use the law of value in order to guide the enterprises to develop toward an orientation desired by state planning. As far as the enterprises are concerned, they must still adhere to the guidance and management of state planning. Giving the enterprises the decisionmaking right in production and management does not mean totally abolishing the state's necessary administrative and economic interferences or abolishing mandatory planning for all products, it only means giving the enterprises the decisionmaking right that they deserve, allowing the enterprises to directly carry out among themselves certain economic activities such as coordinating supply, production, and marketing, thereby fully mobilizing the vitality of the enterprises. Certainly, in order to implement such a reform, it is necessary to carry out a specific design and to have appropriate procedures and the necessary transitional methods.

II. Give Play to the Regulatory Role of the Economic Levers and Exercise Effective Control Over the Major Aspects, Ensuring That the National Economy Develops in a Proportionate and Coordinated Way

In economic activities, the so-called major and minor aspects are prerequisites and conditions for each other. When there is no flexibility in the minor aspects, the enterprises will lack vitality; when the productive force cannot be emancipated, social wealth will not be able to grow rapidly, thus providing no material basis for exercising effective control over the major aspects. Simultaneously, when there is no effective control over the major aspects and if macroeconomic balance is out of control or when there is serious proportional imbalance, there can hardly be flexibility for the minor aspects.

In order to exercise effective control over the major aspects, the most important thing is to give play to the regulatory role of economic levers and make proper arrangements for certain important proportions of the national economy and important economic activities which are related to the overall situation in order to facilitate the achievement of the general target and general tasks decided at the 12th party congress. Many questions are involved as far as this is concerned, and in light of historical experiences, the following questions are, at least, to be paid attention to.

First of all, it is necessary to do a good job of scientifically forecasting and rationally distributing the growth of the national income. The incessant development of social production and the incessant improvement of the people's standards of living are, in the final analysis, dependent on the growth and rational distribution of the national income. The rational arrangement between accumulation and consumption is related to both the

long-term interests of the state and the people and to their own immediate interests; it is related to the correct handling of the relationship between the state, the enterprises (collectives), and the individuals and also related to the relationship between the workers and the peasants, and between the physical laborers and the mental laborers. Therefore, in order to really do a good job of exercising effective control over the major aspects, the most important thing is to make proper arrangements for the proportions of accumulation and consumption and the proportions of agriculture, light industry, and heavy industry which are closely related to the proportion of accumulation and consumption.

Historically there have been several serious imbalances in the major sectors of the national economy and all these were directly related to the blind pursuit of certain growth rate in production and the going beyond control of the scale of capital construction. Thus, proceeding from practical possibilities, strictly controlling the general scale of investment in fixed assets and correctly fixing the investment orientation becomes an important factor for ensuring the proportionate and coordinated development of the national economy. For the sake of controlling the scale of investment in fixed assets, the State Council has already formulated certain significant measures such as: The general scale of investment in fixed assets of the all-people's ownership units must be controlled in accordance with the plans; resolutely abolish the free use of construction funds and turn allocations into loans; the self-owned funds of the various departments and localities which are to be used in that year must be deposited in the construction bank 6 months in advance, a construction tax is to be imposed on investments other than investments used on energy, transportation, education, public health, environmental protection, and so on; as far as the construction of key projects which bear strategic significance and technical renovation projects are concerned, it is necessary to adopt the system of contracting investment and calling for tenders and undertaking responsibilities, speeding up the materialization of the construction conditions such as materials and equipment by both the "contractors" and the "contracting parties" and the economic responsibilities which should be undertaken. This will serve as a constraint on blindly expanding the scale of construction. When the microeconomic decisionmaking rights are given to the enterprises, it is also necessary to give the enterprises the right to use their self-owned funds to carry out technical renovation and expand production, and include this in the state's general investment plans. Thus, the advanced enterprises will be able to incessantly develop and strengthen themselves and improve the products' competitive power, and to incessantly open up new prospects in production, consumption, and services. According to the statistics of the departments concerned, as of the end of 1983, funds not included in the budget totaled more than 75 billion yuan and are expected to be around 90 billion yuan by the end of 1984. Apart from the various special funds, there are numerous funds which can be used in technical renovation in order to expand reproduction and improve economic returns. The enterprises should be given the right to invest. Taking into consideration that these funds bear the characteristic of being scattered, the enterprises should be allowed, in accordance with market demand and their own production and management conditions and by means of appropriate channels, to invest a

portion of their self-owned funds in other enterprises (including investment in various trades and districts), thereby implementing the rational circulation of the self-owned funds of the enterprises in order to make up for the deficits of state funds.

We must strengthen the management of the consumption funds. As far as this question is concerned, the state must on the one hand make use of the economic, administrative, and legal means to strengthen management over the total amount of the consumption funds. While on the other hand, it must properly make use of the way production reacts to consumption, strive to increase production of cheap and marketable goods while confronting the trend of relatively fast growth of the consumption funds in order to ease the contradictions between supply and demand and further speed up our country's economic development. The question of distribution falls within the scope of power of the enterprises and can be managed by the enterprises themselves in accordance with the state's centralized policies.

Second, it is necessary to practically strengthen the balance between the total supply and demand of the entire society. This is a prerequisite for promoting microeconomics. In order to maintain an overall macroeconomic balance the state should still treat financial revenues and expenditures, credit revenues and expenditures (including issuance of currency), international revenues and expenditures, and the balance of certain essential materials as mandatory quotas and exercise effective control. Regarding the balance between the whole society's purchasing power and the supply of market commodities, it is necessary to make a scientific forecast. In short, after reducing the extent of mandatory planning and expanding that of guidance planning and market regulation, it is necessary to make use of the regulatory role of the law of value as far as the financial activities of the whole society are concerned and achieve a relatively rough balance. This is of great importance to maintaining overall macroeconomic stability, speeding up the proportionate and consistently rapid development of the national economy, and improving economic returns. Certainly, such a balance is a relative and dynamic balance and not a static and absolute balance.

Third, it is necessary to make overall arrangements in the medium and long-term planning regarding questions of the national economy which involve the overall situation. For instance: 1) It is necessary to make proper arrangements for the distribution of the production forces and the technical renovation of the old industrial bases, and make the industrial structure (including the transportation structure) more rational. We must primarily guide the various localities to give play to their local superiorities, avoid the shortcomings and give play to the merits, improve the overall social economic results; in the course of readjusting the industrial structure and the transportation structure, it is necessary to consider both the international trend of development of science and technology and the national situation. 2) It is necessary to include exploitation and improvement of land and environmental protection in the state's medium and long-term planning. We have not paid sufficient attention to this question in the past, giving rise to many problems. We should adopt positive measures to find a prompt solution. 3) It is necessary to grasp the plans for

scientific development and pay attention to education and the cultivation of talent. The fundamental problem that confronts us in the course of economic construction is the question of talent. The so-called competition is in fact a mental competition. Thus, we must make mental exploitation tally with the demands for economic development. 4) It is necessary to attach importance to social development plans and the development of population, employment, housing, and tertiary industrial production must comply with planning which suits our national conditions and capacity.

The effective control of macroeconomics is not only the duty of the central planning organs and the business management departments, the provincial, prefectural, and county departments concerned must also do a good job of managing macroeconomics within their spheres. It is necessary to probe for a solution to the question of how the central and local authorities can give play to the work of economic management by adhering to the principle of separating the functions of the city governments from those of the enterprises and by gradually accumulating experiences.

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COMMUNISTS SHOULD TREAT THE MASSES AS HE DID--IN COMMEMORATION OF THE
DECENNIAL OF THE DEATH OF COMRADE PENG DEHUI

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[Article by Wang Yan [3769 3543] and Ji Peng [1323 7720]]

[Text] By 29 November, Comrade Peng Dehuai will have left us for 10 whole years. At the time of his death, our country was in a state of turmoil. The Jiang Qing counterrevolutionary clique, in its attempt to forever erase from the minds of the masses his great feats and noble qualities, not only sealed off the news of his death but shipped the ashes of his remains to another province under an assumed name. But history brooks no alteration. The lofty image of Comrade Peng Dehuai in the minds of the people cannot be obliterated by anyone. Over the last few years, we have interviewed many people who had contacts with him throughout his lifetime. They were Red Guards in Jinggang Shan, militiamen and village cadres in Taihang Shan, guides and owners of the houses where he stayed in northern Shaanxi, bodyguards in Zhongnanhai, and neighbors at Guijiatun. They all spoke of Comrade Peng Dehuai with respect and nostalgia, and told us moving episodes of the time they had spent with this great socialist fighter. The work style of maintaining close ties with the masses displayed by Comrade Peng Dehuai all his life has added new glory to the title of party member and set an example for party members.

"We Should Think More Often of the Fighters and the Masses"

Comrade Peng Dehuai often said: "We should think more often of the fighters and the masses." Sometimes when he said this he was reminding people that they should show concern for the well-being of the masses and protect their interests. At other times, he was explaining to people that cadres at all levels should take the livelihood and interests of the masses as the basis and starting point in doing their work well and that every party member should always bear this in mind. Comrade Peng Dehuai was a practitioner of this saying throughout his life. In 1959, when the people throughout the country were in dire straits, he boldly stepped forward to voice his opinions which reflected the demands of the masses at the Lushan meeting convened by the party Central Committee, giving no thought to his personal honor or disgrace, gain or loss. With his own actions, he displayed the noble sentiments of a party member who showed concern for the well-being

of the masses. For this, he is still respected and praised by the broad masses.

There are countless stories about Comrade Peng Dehuai's concern for the livelihood of the fighters and masses. During the Long March, he once gave his bodyguard some pocket money and asked him to buy a chicken and make a pot of chicken soup. He invited the political commissar, chief of staff, and the bodyguards to eat. But he also said: "What a pity! We should have cooked more. Then we could invite all the comrades from headquarters to eat." During the most arduous days of fighting behind the enemy lines in the war of resistance against Japan, he ate wild vegetables and tree leaves the same as any other fighter. Like the commanders and fighters of the 8th Route Army headquarters, he also saved two taels of rationed grain a day so as to give relief to the masses. On numerous occasions after the founding of new China, when he was approached by reporters who wanted to take his picture, he often said: Do not take pictures of me, take more pictures of the fighters and the masses. These words and actions were by no means trivial matters. They reflected the pure, heartfelt, and comradely sentiments of a proletarian revolutionary. They warmed the hearts of the broad masses and the fighters and strengthened the friendship and unity within the revolutionary ranks.

Comrade Peng Dehuai took every care of the masses when he was handling work, solving problems, and making policy decisions. He not only took the needs of the state and the armed forces into consideration, but made allowances for the interests of the masses. As far as possible, he would combine the long-term interests of the masses with their immediate benefits. On one occasion when the question of building defense works on the islands was being discussed, the department responsible for the work suggested evacuating all inhabitants from a certain island. Comrade Peng Dehuai immediately criticized this, saying: "The evacuation of inhabitants must be handled with great care. We must consider the fact that they have been living there for generations. Only those who are particularly suspicious should be evacuated. But they are only a handful. Evacuating a whole island is not to be tolerated. This is a manifestation of the purely military viewpoint." On another occasion, barracks construction was being discussed. According to the original plan, a whole army or division should be able to live together in concrete structures complete with an auditorium and officers' quarters. Comrade Peng Dehuai vetoed this plan and made the following six proposals: 1) The standard should be lowered. Although barracks are "projects that are of vital and lasting importance," the standard of accommodation should not be too much higher than that enjoyed by the masses. 2) The scope should be reduced. Living quarters, the mess hall, and garage are to be built in the first stage, while construction of the auditorium and officers' quarters shall be put off. 3) Proper layout is necessary. The barracks of an army or division should not be clustered together. 4) Construction must be carried out by the units concerned. 5) Measures should be suited to local conditions and as little arable land as possible should be taken over from the peasants. 6) Material should be obtained locally. In regard to material which must be allocated by the state, efforts should be made to use more substandard material. These proposals, which were filled with love for

the armed forces and concern for the masses, reflected the most lofty sense of political responsibility of Comrade Peng Dehuai as a party and state leader.

Comrade Peng Dehuai was never lenient toward his subordinates if they infringed upon the interests of the masses. He found bureaucratism, which seriously impaired the interests of the people, particularly intolerable, and he criticized such behavior most sternly. Between 1952 and 1955, he conducted a topographical survey of China's coast. In the course of his survey, he discovered that a number of coastal gun emplacements were fraught with serious tactical faults. Some companies would, in the event of war, be completely wiped out if a napalm bomb or heavy bomb was dropped in the area, and their soldiers would perish together with the guns and ammunition. He felt deeply indignant as well as grieved every time he saw this kind of coastal gun emplacement. Sometimes one could see him trying to hold himself in check when he lowered his voice with an effort and said: "Of course, these coastal gun emplacements were installed in 1950 when the Korean war was intense. So this is excusable." But, he could not help feeling vastly indignant and infuriated when he thought of the possible outcome of war and the possible losses that might be inflicted on the people. He said: "So these are designed by foreign experts. Why then do we not use our own brains? Why is it that your leaders do not come and see things for themselves?" "If this affects future wars, you will be held responsible by the people! You will be tried by the people!" When others tried to pacify him, he retorted: "If you are afraid of offending these people, you will end up offending the people!"

"How Can a Chief Accomplish Anything Without the Masses"

Comrade Peng Dehuai had strong faith in the great role played by the masses in creating history. He was convinced that the sacred cause of liberating the proletariat and the great struggle of the people's revolution was by no means the cause of a few people, but was rather the creation of history in which the broad masses played a leading role. During his life, every time people bombastically praised his individual role, he would say: "How can a leader accomplish anything without the masses?" This idea of his coincided with the conclusion drawn in the revolution adopted by the 6th Plenary Session of the 11th CPC Central Committee: "Without the masses, all the struggles and ideals of the party will come to nothing and will become meaningless."

During his long army life, Comrade Peng Dehuai constantly fought amid extremely poor material conditions and in situations where our side was greatly outnumbered. But, relying on the high level of consciousness of the vast number of fighters and with the energetic support given by the masses, he always managed to win in the end. He was extremely skillful in applying and giving play to the theory of "people's war" and made outstanding contributions toward enriching this theory. Comrade Peng Dehuai often cited as an example fighting in northern Shaanxi during the war of liberation to illustrate that only by trusting the masses and relying on them can an inferior force defeat a superior one. He said: At that time, the enemy

force was 10 times stronger than we and was much better equipped. Our central organ was set up in northern Shaanxi and that was also where Chairman Mao lived. The headquarters of our Northwest Field Army was sometimes set up in the foothills through which enemy forces marched. But, without the help of the masses, the enemy was blind and deaf and could never locate our position or the main force of our army. Thanks to the support and cover provided by the people of northern Shaanxi, we had a good grasp of the situation, were free to advance or retreat, and could take the initiative at all times. The masses of people of northern Shaanxi played a vital role in ensuring the safety of the party Central Committee and of Chairman Mao and in our winning the war.

Within the armed forces, he all along advocated that cadres should have faith in and rely on the fighters. He maintained that in times of war, fighters should be told about battle plans if conditions permitted and, in times of peace, they should be allowed to manage the troops so that democracy can be carried forward. During the war of liberation, the Northwest Field Army led by him was faced with the shortage of grassroots-level cadres and key members of combat units. In order to solve this problem, the fighters were encouraged to recommend people as cadres and the masses were encouraged to recommend people as party members. These recommendations were then discussed by everybody and approved by the leadership. In the winter of 1948, he wrote a report to the Central Committee, saying: "Since adopting the method of inviting recommendations last winter, the Northwest Field Army has recruited over 10,000 party members and promoted several thousand cadres (mostly at the squad or platoon level, with a few at the company level) over the past 11 months. The overwhelming majority of these recommended cadres and party members are outstanding elements who have proved themselves to be determined, brave, and competent. Thus, our demand for a large number of cadres at the squad or platoon level to carry on the fighting is met, and the leading role of the party in the armed forces is also guaranteed (the proportion of party members in the armed forces is always maintained at one-third)." Later, the party Central Committee had this report transmitted throughout the army with instructions that similar actions be taken.

During the stage of modernization and regularization of our armed forces, Comrade Peng Dehuai not only continued to uphold the concept of having faith in and relying on the masses which he upheld in times of war, but gave play to the role of the masses to an even greater extent. When the issue of guarding the islands was discussed, he proposed to the armed forces in light of the new situation of our having won political power in the whole country that in order to build the islands into strong fortifications that cannot be conquered, the troops must first of all unite as one with the local people and make a success of army-civilian joint defense. His tentative plan was well-conceived and concrete. Every arrangement was made to ensure that the armed forces and the masses could play their part in the event of war. For example, the armed forces must help train the islanders in a planned way and assist local cadres in military studies so that they can take part in fighting at any time. Island troops must be drafted and replenished locally and demobilized locally. In peacetime they can cement better relations between the army and the people; in wartime, they can

strengthen defense capabilities. Demobilized soldiers can serve as key members of the militia. In times of peace, they can organize militia training and, in times of war, they can take part in defending the islands. In regard to shelters and the supply of fresh water, food, and fuel, unified planning and arrangements were to be jointly made by the armed forces and the local authorities to ensure that these can be shared by the armed forces and the people in times of war. Army cadres from outside must learn to speak the local dialect so as to help the local people learn Putonghua, raise the cultural level, improve production techniques, improve the level of people's health, resolutely overcome mysticism characterized by being divorced from the masses, and so on. Comrade Peng Dehuai's far-sightedness not only showed a great sense of responsibility to the safety of the motherland and the people, but was filled with immense trust in the masses.

"We Will Make Fewer Mistakes If We Consult the Masses More Often"

Comrade Peng Dehuai was quick and clear-cut in handling matters. He was also firm and resolute when he directed fighting. He never did things sloppily. But his tenacious and resolute work style as a soldier did not prevent him from consulting the masses when problems arose, or from practicing the leadership method of "from the masses, to the masses." On one occasion, he suggested many amendments to a draft document. In order not to hurt the feelings of the comrade who did the drafting, he made this long and very touching speech: "In drafting documents, we must not be afraid of suggestions and amendments. As we know, documents have to be acted upon by the armed forces once they have been transmitted to the lower levels. If your document is slightly off the mark, it will be very far off the mark at the grassroots level. It is just like aiming. When aiming, if we are off by 1 mm, the bullet will disappear from our sight. Thus, before transmitting a document, we should ask more people to look at it and give their opinions. In work, we must not be concerned about face-saving. We must hold ourselves responsible to the revolution and to the people. If our revolutionary work is frustrated and if the interests of the people suffer losses, we people who work for the people will feel most inglorious and will have qualms of conscience."

Even in wartime, he would try his best to carry forward democracy and listen to the masses. In discussing strategic methodology he would propose several plans and point out the merits and demerits of those proposals for discussion. Afterward, he would incorporate the useful opinions into the plan before finalizing it. He often said: "Fighting, which concerns the interests of the party and the people, as well as the life of the commanders and fighters, permits no subjective one-sidedness."

Comrade Peng Dehuai set great store by the wisdom of the masses. This was also manifested in his respect for the creative initiative of the masses. The "pouring out of grievances," a kind of education praised by Comrade Mao Zedong as "new-type army rectification," was first discovered by the Northwest Field Army in its companies during the war of liberation. It was later unfolded step by step with the recommendation of leading organs. In the fall of 1951, the volunteers on the Korean front invented a kind of

horseshoe tunnel defense that enabled them to hold fast to their position and reduce casualties. When Comrade Peng Dehuai discovered this, he lost no time in instructing headquarters to circulate a notice of commendation. In the following spring, the "instruction concerning the strengthening of tunnel defense systems" was specially issued. After that, an intertwined underground wall spanning the 250-odd-kilometer defense front and the east and west coast of Korea was built. This enabled the volunteers to successfully resist with their inferior equipment the positional attack launched by the modern U.S. forces.

Comrade Peng Dehuai respected the experience and wisdom of the masses, but he never slackened in his leadership responsibility. As early as 1952 when he was planning the cultural studies movement for the armed forces, he said: "Before a mass movement is launched, it is very difficult for the leadership to make satisfactory arrangements for all problems that are likely to arise in the course of the movement. Even if the leadership can do that up to a point, there will still be deviations when they are implemented at the lower levels. Thus, when an important task has been assigned, the leadership must lose no time in conducting thorough check-ups. As soon as deviations are discovered, they must be promptly rectified." This was how Comrade Peng Dehuai carried out the mass line advocated by Comrade Mao Zedong and looked at the mass movement.

"I Am Just One of the 600 Million People"

Apart from his strong belief in wholeheartedly serving the people, Comrade Peng Dehuai was able to show concern for the masses, have faith in them, and respect their creative initiative because he always considered himself to be one of the ordinary masses and never posed as someone special. He had worked as a hired worker, miner, and soldier when he was young, during which time he had established a profound friendship with the laboring masses. These feelings, rather than diminishing with his rise as a party and state leader, became more conscious and pure. Some comrades had the one-sided impression that he was a little too remote from his subordinates. But this was not the case. Every time he was with the soldiers and the masses, he would chat and laugh animatedly with them without standing on ceremony. In 1957, after the system of military ranks was implemented, he went to an armed force unit for inspection. Some soldiers told him they did not like the garrison caps they wore. He took off his marshal's hat and put it on the head of one of the soldiers, saying: "How about exchanging hats?" In a cheerful and lively atmosphere, he heard many suggestions from the soldiers. When he returned to Beijing, he immediately submitted these proposals to the Military Commission for discussion. On one occasion when he went to inspect local troops and had dinner with everyone in the mess hall, he asked one of the attendants: "How many bowls of rice can you eat? Do you dare to compete against me?" In short, he was particularly warm, natural, and cheerful when he chatted with the masses. It was as if these people were his relatives and old friends. It was precisely for this reason that he found the security system introduced from abroad after the founding of the People's Republic very objectionable. In order to change the practice in which every place he visited was heavily guarded and cleared of the masses, which

made him a special person with many attendants crowding round, and which separated him from the soldiers and the masses, he criticized and educated those around him on numerous occasions.

In order to preserve his true qualities as an ordinary person, he was particularly strict with himself. After nationwide victory, circumstances changed and he was given greater power by the party and the people. But his lifestyle as one who worked selflessly for the public interest and who never sought special treatment never changed. When he returned from Korea in 1957, he moved into a small compound in Zhongnanhai. The house was very old, but for 7 years he did not let anyone renovate it. In 1965, he was transferred to Sichuan. Before his departure, he returned the entire compound to the government. One of his nieces, who used to live with him, was thus left without accommodation. It was only after repeated consideration that he finally decided to ask the organization to make arrangements for accommodations for her. He said afterward: "It was the first time in my life I asked the organization for a personal favor."

Comrade Peng Dehuai fought on many fronts and went through fire and water for decades on end. He had achieved brilliant military successes in the revolutionary war and made great contributions to the cause of the people's liberation. But he never gave himself the airs of a hero. On the contrary, he often said that he had lived off the people and that the treatment given him by the people was too special. In 1959, before the Lushan meeting came to an end, he earnestly pledged to the party that even if he could no longer assume any duties, he would support himself by his own labor and would not live off the people. After the Lushan meeting, although he had lost his job, he still tried his best to lighten the people's load in supporting him. On the one hand, he diligently studied Marxist-Leninist works and continued his search for the correct road for building socialism. On the other hand, he humbly worked in the experimental fields, learned the technique of grafting fruit trees, and tried to find effective measures for increasing agricultural production and improving the people's livelihood. Even when he was imprisoned during the "Cultural Revolution," he still worried about the country's fate all the time and felt sorry for "earning his living without work" for such a long time.

"He is one who is impervious to the temptation of wealth and high position, who is not to be shaken by poverty or destitution, and who is not to be subdued by force." Faced with all these trials, Comrade Peng Dehuai always preserved his true qualities as an ordinary person. He had proved himself to be an outstanding son of the Chinese people, a conscious and great socialist fighter, and a model for party members in treating the masses. During the war of resistance against the Japanese, Comrade Xu Fanting [4958 5400 0080] had written this poem which portrayed the lofty moral qualities of Comrade Peng Dehuai:

A frank and straightforward general, his name is Peng;
He is staunch of heart and has aspirations great as a whale.
Unanimously praised by the three armed forces as a model,
Is this middle-aged soldier in coarse cloth army uniform.

The work style of maintaining close ties with the masses is one of the distinguishing marks between our party and other political parties. It is also the important weapon that enabled our party to win victories in protracted revolution and construction. It is precisely because our party has demonstrated the quality of utter devotion to the public without any thought of self and the spirit of wholeheartedly serving the people that it has won the heartfelt love and trust of the broad masses. In our present drive to carry out party rectification, Comrade Peng Dehuai's strong feelings for showing concern for the well-being of the masses, his firm conviction in having faith in and relying on the masses, his humble attitude of setting great store by the wisdom of the masses and respecting their creative initiative, and his noble qualities of always preserving the true colors of the ordinary masses should be looked upon as brilliant examples for party members to learn from.

CSO: 4004/10

RANDOM NOTES ON A VISIT TO KOREA--TO THE TUNE OF 'ZHE GU TIAN'

Beijing RED FLAG in Chinese No 22, 16 Nov 84 pp 17-19

[Poems and annotations by Xiong Fu [3574 1788]; passages within slantlines published in boldface]

[Text] Editor's Note: From 16 to 30 October 1984, at the invitation of KULLOJA, the Worker's Party of Korea [WPK] Central Committee's theoretical journal, a RED FLAG delegation paid a friendly visit to the DPRK. The following eight poems written to the tune of "Zhe Gu Tian" [7744 7689 1311], by Comrade Xiong Fu, head of the delegation, during his stay in Korea.

I

There we flew in the tranquility of autumn;
Greeting the guests were the mountain ranges with their arms open.
Boundless is the special friendship between us,
Which prompted the swallow to make its first trip to a place that seemed familiar.

Greying are my temples, not my noble inspiration;
At our meeting we forgot our ages.
The new moon and a bottle of wine,
Suffice to fill the chat between old friends with joy.

II

Oh! The magnificent Mangyongdae!
Your delicate beauty has nurtured a great talent.¹
Let us clear the mountains and rivers of bloodstains,
And reduce all agony to ashes.

Countless events and our youth have been carried away by the rapid stream of time,
And the three thousand li of territories are waiting for spring to arrive.²
Go ahead, men of vision, give play to your greatness without hesitation,
All kinds of flowers await your careful cultivation.

III

Behold! The Kumgang-san is guarded by clouds and winds,
And the expanse of towering mountains are forcing their way into the heavens.³
Clad in powdery frost, pine needles cast flickering shadows;
Spraying gems, a waterfall adds to autumnal beauty.

From the heavens descended eight fairies;⁴
Beautiful as flowers, they smiled radiantly.
Where to seek happiness? Should you ask,
I can only answer: Only hard-working people can build a paradise.

IV

To attain nirvana, a phoenix bathes itself in fire,⁵
In Korea, the country of morning calm, one sees mountains everywhere.
The late greening of Kumgang-san adds color to autumn,
And the morning breezes in Mangyongdae invite the cuckoo to come.

Shangganling⁶ is still wet with blood;
Chilled at the sight of gathering war clouds, men dreamt of the ones they
loved.
Deep is the friendship between the Chinese and Korean nations;
Pak Chae-kun and Huang Jiguang⁷ will live forever in our memory.

V

A tumult arose with wind and rain along the 38 degrees north latitude;⁸
The country was soaked with blood in resistance.
Year after year, wavering grass grows in trenches and around abandoned forts,
Silhouetted against the sky at sunset, calling back the spirit of the dead.

Unity is invaluable, but division brings sorrow;
The Korean heritage shall triumph!
Listen: Thou shalt not trample on people's common aspiration,
Indeed! Only the best doctor can cure your insanity.

VI

Rising and falling are the mountains in the countryside;
In the trenches, bloodstains have survived the passage of time.
Chinese and Korean nations, display your prowess!
Bring the enemy to his knees!

Your blood is boiling and your determination remains steadfast;
Peaceful unification will first befall your country.⁹
Rise and fight side by side! The fifty million Korean people:¹⁰
You will converge into a mighty current that smashes all obstacles.

VII

The magnificent tower of friendship glorifies Moran-bong;
Fluttering banners and the radiant sun animate Pyongyang.¹¹
Boundless and deep as the sea is our friendship,
Our blood flows in both the Chang Jiang and Taedong-gang.¹²

A golden trunk was built to commend the brave;¹³
Hearts join to form an impregnable fortress.
Men, bear in mind the order
Which reminded us not to damage even a single blade of grass in Korea.¹⁴

VIII

Vigor and beauty are what rivers and flowers desire;
On all flowers the sun bestows its fatherly loving care.
Innocent and artless though children are,
They must be educated before their childhood fades away.

The treasure of a nation and the foundation of its cause,
Children must be carefully taught not to waste their time.
Given a moral, intellectual, physical, and aesthetic education,
Our successors will not fall short of our expectations.

Annotations:

1. /Oh! The magnificent Mangyongdae! Your delicate beauty has nurtured a great talent/ Mangyongdae is situated on Taedong-gang in the rural areas of Pyongyang, the Korean capital. It is the hometown of President Kim Il-song. President Kim Il-song was born into the family of a poor peasant. To this family, President Kim Il-song owes his anti-Japanese patriotic revolutionary thinking. Kim Hyong-chik, his father, was an anti-Japanese patriotic revolutionary as well as a forerunner in the transformation of the Korean People's Patriotic Movement into a communist movement. He was arrested and imprisoned. His uncle and his cousin were martyrs killed in the armed struggle to resist Japanese aggression.
2. /The three thousand li of territories/ refer to the 3,000 li of Korean territories. /Spring to arrive/ refers to the peaceful reunification of North and South Korea.
3. /Behold, the Kumgang-san is guarded by clouds and winds, and the array of towering mountains are forcing their way into the heavens./ Kumgang-san is situated near Wonsan. It is a famous scenic spot as well as a health resort. During the Korean people's war to resist U.S. aggression and save the country, the Chinese people's volunteers and the Korean people fought side by side near Kumgang-san.
4. /Eight fairies/ refer to the eight fairies in the folklore passed on by the people living near Kumgang-san. On Kumgang-san, is "Sangal-tam" where, it is said, the eight fairies bathed.

5. /A phoenix bathes itself in fire./ According to Buddhist mythology, a phoenix must bathe itself in fire in order to live a second life. /Nirvana/ is a Buddhist term meaning the highest level of attainment free from all suffering and worries. Here the rebirth of Korea after the Korean people's war to resist U.S. aggression and save the country is likened to the rebirth of a phoenix.
6. /Shangganling/ is the name of a mountain in Wonsan. The Chinese people's volunteers had resisted U.S. offensive there. In the 1950's, our country produced the motion picture "Shangganling" to relay the story of the battle fought there.
7. /Pak Chae-kun and Huang Jiguang/ Pak Chae-kun was a Korean peasant who gave his life in order to save the lives of the fighters of the Chinese people's volunteers. Huang Jiguang was a combat hero of the Chinese people's volunteers. He sacrificed his life by blocking the embrasure of an enemy pillbox with his body.
8. /A tumult arose with wind and rain along the 38 degrees north latitude/ In 1950, the United States started a war of aggression along the 38 degrees north latitude in order to invade the DPRK. The Korean People's Army bravely fought back.
9. /Peaceful unification will first befall your country/ refers to the Korean Government's proposal on the peaceful reunification of the country. The proposal calls for trilateral negotiations between the DPRK, the United States, and South Korea; the signing of a peace agreement with the United States to replace the armistice agreement; the signing of a nonaggression treaty with South Korea and the establishment of contacts; and, on the premise of recognizing each other's ideology and systems and by means of peace negotiations between the North and the South, the establishment of a Korean democratic confederation whose purpose is to achieve independence and peaceful reunification and to put an end to the division between the North and the South.
10. /The fifty million Korean people/ The populations of the two Koreas total more than 58 million.
11. /The magnificent tower of friendship glorifies Moran-bong; fluttering banners and the radiant sun animate Pyongyang/ The second line refers to 25 October 1984, the 34th anniversary of the Chinese people's volunteers' aiding Korea to resist U.S. aggression, on which the Korean Government held a ceremony in Pyongyang to celebrate the completion of the renovation of the friendship tower. The magnificent tower refers to the tower built in memory of the Chinese people's volunteers who fought in Korea. Moran-bong is a hill in the suburban area of Pyongyang. The friendship tower stands on it.
12. /Taedong-gang/ is the river that bisects Pyongyang-si.

13. /A golden trunk was built to commend the brave/ Inside the memorial hall in the friendship tower there is a wooden trunk painted in gold. Stored in the trunk is a record of the names of those Chinese people's volunteers who sacrificed their lives in Korea.
14. /Men, bear in mind the order which reminded us not to damage even a single blade of grass in Korea/ On 8 October 1950, Comrade Mao Zedong issued an order to the Chinese people's volunteers in his capacity as chairman of the Chinese People's Revolutionary Military Committee. On 19 January 1951, he issued another order to the Chinese people's volunteers, in which he said: "The commanders and fighters must be instructed to cherish every hill, every river, every tree, and every blade of grass in Korea, and take not a single needle or a single thread from the Korean people."

/Postscript:/ In October of this year, a RED FLAG delegation paid a friendly visit to the DPRK. The visit was a most memorable one. During our stay, we visited Mangyongdae, President Kim Il-song's hometown. In Pyongyang, Wonsan, Kaesong, and Hamhung, we visited the Juche tower, the triumphal arch, the grand study hall, the youth palace, the wind and fire gate, a chemical fertilizer plant, and the Korean-Chinese friendship farm. We also visited Panmunjom and Kungang-san, one of Korea's scenic spots. On 25 October, the 34th anniversary of the Chinese people's volunteers' aiding Korea to resist U.S. aggression, we attended the ceremony held to celebrate the completion of the renovation of the Korean-Chinese friendship tower in Pyongyang. On 29 October, we were granted a warm audience by President Kim Il-song, the Korean people's great leader and a close friend of the Chinese people. In addition, in Hamhung, the members of our delegation paid respects and presented a wreath to Premier Zhou Enlai's statue. During this visit, the members of our delegation were profoundly impressed by the Korean people's great achievements in socialist construction; the glorious progress of their ideological, technological, and cultural revolutions; their unyielding struggle to fulfill the 10 long-term plans and to realize the peaceful unification of their motherland, the industry, bravery, wisdom, creativity, and other qualities they displayed in achieving all this; their good sense of discipline; their high efficiency; and their social customs. We were deeply moved by the fact that the Korean party members, cadres, and people had a high regard for both the CPC and the Chinese people and that they valued the traditional friendship and unity which have been cemented with blood between the parties and peoples of the two countries. I was prompted by my impressions to write, to the tune of "Zhe Gu Tian," the above eight poems.

The first poem was written to thank the Korean friends for their warm reception, after the banquet held by KULLOJA to welcome the RED FLAG delegation on 16 October.

The second was written after our visit to Mangyongdae, President Kim Il-song's hometown.

The third was written after our visit to Kungang-san, a scenic spot in Korea.

The fourth was written after our return from Kungang-san back to Pyongyang. It is a general description of visits to various places over several days.

The fifth was written after our visit to Panmunjom. Panmunjom is situated on the military demarcation line along the 38 degrees north latitude. In 1953, the United States was forced to sign in Panmunjom the agreement on armistice in Korea.

The sixth was written after our visit to a forward post of the Korean People's Army north of the military demarcation line. Trenches dug by the Chinese people's volunteers during the war could still be found not far away from the post.

The seventh was written after the ceremony held on 25 October to celebrate the completion of the renovation of the Korean-Chinese friendship tower in Pyongyang-si. The tower was built on Moran-bong by the WPK before the death of Comrades Mao Zedong and Zhou Enlai in memory of the Chinese people's volunteers who fought in Korea. The tower marks the friendship between China and Korea and it had been extensively renovated by Korean cadres and the Korean people, who volunteered to undertake the work.

The eighth was written after our visit to the children's palace in Pyongyang. That children's palace was a study place especially built by the WPK and the Korean Government to foster children. It can house 18,000 children. There, with its advanced and modern facilities, children can acquire scientific and cultural knowledge, master various skills, and participate in organized cultural and sports activities. These varied mass educational activities serve to educate the masses of children to love the party and their country.

These eight poems cannot fully depict the rich and profound impressions we gained from our trip. They are, in fact, a recollection of my personal feelings, which were stirred up during our visit to the DPRK. I now present them to the readers and use them to express our gratitude to our Korean friends.

May the traditional friendship between the parties and peoples of the two countries last forever!

CSO: 4004/10

IT IS NECESSARY TO BRAVELY SOLVE THE PROBLEM OF FACTIONALISM IN LEADING BODIES

Beijing RED FLAG in Chinese No 22, 16 Nov 84 pp 20-22

[Article by Li Qiming [2621 0796 2494]]

[Text] The units involved in the first-stage party rectification have entered the phase of rectification and correction. In accordance with Circular No 9 issued by the CPC Central Commission for Guiding Party Rectification, we should seriously solve the main problems in leading groups in this phase. Viewing actual conditions in Yunnan Province, we have found that the main problem in some leading groups (including those of departments and bureaus and even organs at the provincial level) is factionalism. Whether we dare to touch the problem and to solve it has a bearing on whether or not we can go a step further with party rectification, whether or not we proceed with it perfunctorily, and whether or not we can ensure the success of the four modernizations and create a new situation in the work of Yunnan Province.

Factionalism is an outcome of the "Cultural Revolution." Actuated by the sinister motive of capturing power in the chaos of the "Cultural Revolution," the counterrevolutionary Lin Biao and Jiang Qing cliques exploited the situation to incite factious fanaticism, thus splitting the party, the ranks of cadres, and the masses of people. Under the special historical conditions and the complicated situation at that time in Yunnan, many comrades, from the higher levels to the grassroots whether inside or outside the party, were drawn into factional activities to a certain degree for various reasons, or their views were tendentious to this or that faction. During the 10 years of the "Cultural Revolution," there was endless strife between the two factions on the fronts both of the pen and of the gun. Since the 3d Plenary Session of the 11th CPC Central Committee, purity in party spirit has been enhanced, and factionalism has found less and less support but it is yet to be eradicated. The broad sections of cadres and the masses of people detest factionalism, but a small number of comrades, including senior leading cadres, have not yet freed themselves from its influences. They, either consciously or unconsciously, judge people and deal with routine matters with factious points of view. Some of them are still hankering after factional activities and they have gone so far as to be unable to extricate themselves. Consequently, a net of connections in various forms

has been woven and different kinds of abnormal phenomena have appeared in some departments and areas. Factionalism plus power has caused numerous evil consequences and damaged the unity of our party, thus obstructing the smooth implementation of the party's line, principles, and policies.

Rather obvious and serious factionalism manifests itself roughly in the following ways:

If any central decisions or matters with approval of the central authorities are not to the taste of their faction, some people may overtly agree but covertly oppose, or they may even do what suits themselves;

If any decisions made by the party committees after collective discussions are not to the interests of their faction, some people may repudiate them without authorization and refuse to carry them out, or they may even act in a diametrically opposite way;

Some people are warm to one group of people and cold to the other. As a matter of fact, they decide on a thing by seeing to which faction these people belong. So far, they still argue that their faction "is always correct";

By exploiting their powers and working conditions, some people assign work to the "men of their faction," or promote them more than one grade at a time, or even set up leading bodies of certain departments and bypass the immediate leadership in an attempt to turn these departments into "homogeneous" units;

Some people do not act according to the party's principles in the adjustment of wages, promotion of cadres, recruitment of new party members, and implementation of the party's policy toward intellectuals. They make things easy for those who share the same factional points of view with them, or alternatively, they make things difficult for those who differ in their factional points of view;

They retaliate against, and elbow out those who differ in opinion and views with them, or they use their small mistakes to make a "big case" against them;

Violating the organizational principle of the party, these people spread rumors and slanders everywhere by exploiting factional relations, even more, they disclose what should not be let out; and so on and so forth.

With regard to the negation of the two factions, some comrades insist on arguing: "Mistakes committed by the two factions should not all be regarded as equal." Still others do not think that negation of the two factions is necessary to uphold the party's principle, but they mislead the public and put forward a groundless argument that "this is in fact seemingly impartial factionalism."

With regard to the building of the "third echelon of cadres," some comrades seek candidates only from those who have the same factional viewpoints as themselves. To this end, they try by every means to gloss over the problems of some people related to the "Cultural Revolution," or they turn big problems into small problems and small problems into no problems at all.

With regard to the weeding out of the "people of three categories," some comrades stubbornly insist that such people exist only in their antithetical faction. As a result, some of the "people of three categories" made use of factionalism and conversely, factionalism shields the "people of three categories." What is more, some comrades even select some of the "people of three categories" as candidates for the "third echelon of cadres."

If the leading body of an area or a department has one or several persons who cling to their factionalist ways, those who are obsessed by factionalism there certainly take them as shelters and backers and flock around them. They, either consciously or unconsciously, and overtly or covertly, form themselves into a grouping, thus becoming a special force which runs counter to the principle of party spirit and organizational discipline. Therefore, if powers are mingled with factionalism, a net of factionalist connections, and the malpractice of seeking personal gains by taking advantage of one's power and position, they bring about great damage to the party's cause.

Factionalism and the spirit of a proletarian party are as incompatible as fire and water. The constitution of our party clearly stipulates that to "firmly oppose factionalism" is a duty of its members and the pamphlet "Certain Criteria Regarding the Inner-Party Political Life" specially points out that we "must eliminate factionalism and enhance party spirit." Comrade Deng Xiaoping has also pointed out long since: "The leadership must be clear-cut and firm in its opposition to factionalism." ("Selected Works of Deng Xiaoping," p 9) Since the whole party should accomplish these things, leading cadres should take the lead and do a better job of them.

Since the beginning of party rectification in Yunnan, attention has been paid to elimination of factionalism. It is now imperative for us to truly solve the problem of factionalism in leading bodies. This is a further and decisive step of crucial importance in the current party rectification in Yunnan. How to solve this problem, we have come to realize the following points:

1. We should make a distinction in principle between the problem of factionalism and the problem of the "people of three categories." Generally speaking, the contradiction between factionalism and party spirit is a contradiction in the party. Our policy is that starting from the desire for unity, we should still resolve the contradiction through criticism and self-criticism and arrive at a new unity on a new basis. We should not only gain a clear idea of the problem but also unite our comrades.

During the 10 years of internal disorder, Yunnan was a seriously stricken area and met with repeated setbacks. So the situation is very complicated in Yunnan. At the time of determining the nature of two major rebel factions

in the province, one was classified as "standing on the right side" and the other was regarded as "standing on the wrong side." Then it was asserted that those who "took the right stand" were all wrong and those who "took the wrong stand" were all right. For various reasons, and particularly due to failure to realize that "both of the two rebel factions are wrong," the idea that "one faction is wrong and the other right" is still prevalent now. Apart from very few people who have an axe to grind and are obsessed by powers, the majority of comrades who cling to factionalist ways have only a problem of understanding. They fail to distinguish between right and wrong and stubbornly take factionalism as party spirit. They blindly think that they are still right, even though they are proved to be absolutely wrong. In resolving the problem of factionalism, it is therefore up to us to pay great attention to education. What is more important is that we should help these comrades to thoroughly negate the "Cultural Revolution" whether in theory or in reality, in thinking or in action. Negating two factions is a prerequisite for eliminating factionalism and enhancing party spirit.

2. The solution to the problem of factionalism in leading bodies is a matter of firm determination. We should take courage and deal with the problem and bring it out into the open and should in no way be hesitant and afraid of any "quake." When the problem is laid bare, people may talk about it in different ways, such as "factionalism is stirred up again," "opposing factionalism by factionalism," "whether we will be targets of criticism and attack again," and "whether old accounts will be brought up again." In face of such statements, we should keep to the stand of party spirit and should take a clear-cut, serious, and calm attitude, and we should justly and forcefully refute and clarify them point by point with Marxist points of view. We should not be overcautious upon hearing these comments. Of course, we should also guard against any of "leftist" wrong practices.

Problems concerning members of a leading body engaged in factional activities cannot be solved by the leading body itself. They can only be resolved with the help and effort of comrades who are invited to attend an enlarged meeting. At such a meeting, we can quote some typical cases by presenting the facts and reasoning things out and analyze the harmfulness of factionalism mingled with powers so as to enhance the consciousness of meeting participants. This provides a vivid and in-depth ideological education in thoroughly negating the "Cultural Revolution" and two factions, eliminating factionalism, and enhancing party spirit either for comrades who have committed mistakes in factional activities or all those participating in the meeting.

3. Conscientiously carry out criticism and self-criticism with focus on the latter. This is a basic approach to help comrades who have committed mistakes in factional activities to realize and correct their mistakes. We should, out of goodwill, first organize them to conscientiously study documents and to enhance political consciousness, and then help them carry out self-criticism in an earnest way, break with factionalism, and draw lessons from the mistakes. Meanwhile, we should also help them tell everything they know, sum up experiences, and clear up misunderstandings through criticism and self-criticism so as to promote unity.

4. Take a prudent attitude toward the handling of all cases. The majority of people engaging in factional activities can be educated. Generally speaking, no disciplinary measures against them will be taken. However, we should set higher and stricter demands on members of leading bodies. As for comrades who have committed minor mistakes in factional activities, if they criticize themselves and realize their mistakes, everything will be all right and we should not keep picking on them. Those who have committed serious mistakes in factional activities and refuse to criticize themselves should be transferred to other posts; first and foremost, they are not allowed to take charge of key departments. Those who truly prove after thorough investigation that they stubbornly cling to factional activities and refuse to mend their ways, should be sternly dealt with and should in no way be treated leniently.

Factional problems outstanding in leading bodies should be resolved. Only by so doing will it be possible for us to thoroughly negate the "Cultural Revolution" and two factions, to weed out all the "people of three categories" and not to weed out good people as the "people of three categories," and to select qualified successors and not to train the "people of three categories" as the "third echelon of cadres." Only by so doing will cadres and the masses be able to give fullest play to their enthusiasm, initiative, and creativeness and to work as one with concerted efforts for economic reform and the four modernizations. Courage is of prime importance for us. If we can adopt correct policies and methods and grasp the problem firmly to the end, factionalism can surely be eliminated from leading bodies. We have full confidence we shall succeed.

CSO: 4004/10

THE BOOK 'CHINESE-STYLE SOCIALIST ECONOMIC STRUCTURE' IS TO BE PUBLISHED SOON

Beijing RED FLAG in Chinese No 22, 16 Nov 84 p 22

[Text] The "Decision of the CPC Central Committee on the Reform of the Economic Structure" which was approved by the 3d Plenary Session of the 12th CPC Central Committee has integrated the universal truth of Marxism with China's concrete practices, put forth the blueprint for building a socialist economic structure with Chinese characteristics, developed the Marxist political economy and theory on scientific socialism, and will surely play a tremendous role in promoting the modernization of our country.

In order to help the vast number of cadres and the masses study this historic document, the editorial department of RED FLAG has asked some economic workers and theoretical workers to write 20 articles. The writers of these articles are: Yuan Mu, Gui Shiyong, Wu Junyang, Sun Xuewen, Tian Yuan, Yang Qixian, Zheng Honqing, Sun Shangqing, Xie Minggan, Jiang Yiwei, Zhao Lukuan, Liu Hong, You Lin, Zuo Chuntai, Zhao Haikuan, Wan Dianwu, Wang Guiwu, Gao Shangquan, Gong Yuzhi, and Wang Renzhi. These articles have made, in simple terms, a profound exposition on the various aspects of the "Decision" and are conducive to a correct understanding and mastering of the spirit and essence of the "Decision." A certain number of these articles will be soon published in their entirety by the RED FLAG Publishing House. The title of this book will be "Chinese-Style Socialist Economic Structure." The price of the book will be 1 yuan each and it will come off the presses in mid-December and will be distributed by Beijing's Xinhua Bookstore. If you want to buy this book, please go to any Xinhua Bookstore in any area of our country or go directly to (or write to) RED FLAG's Readers Service Department (address: No 2, North Sha Tan St., Beijing) to order this book.

CSO: 4004/10

THE MOST IMPORTANT THING IS TO ACT ACCORDING TO THE IDEOLOGICAL LINE OF
SEEKING TRUTH FROM FACTS--NOTES ON A RURAL SURVEY IN FUJIAN

Beijing RED FLAG in Chinese No 22, 16 Nov 84 pp 23-27

[Article by Wang Zheren [3769 0772 0086]]

[Text] Since the 3d Plenary Session of the 11th CPC Central Committee, the CPC Central Committee has reestablished the correct Marxist ideological line of seeking truth from facts, and on that basis has drawn up a political and organizational line for the new period. Experience over the last 5 years or so has given strong proof of the correctness of the CPC's line and its series of principles and policies. Not long ago, we visited six places in Fujian: Samming, Jianyang, Zhangzhou, Xiamen, Chuanzhou and Fuzhou, and were left with deep impressions. We saw how all these areas were full of life and creativity, in an atmosphere of tremendous vigor and growth. In order to achieve prosperity as quickly as possible, and bring the rural areas to life in the shortest possible time, the hundreds of millions of masses and grassroots cadres are carrying out inspiring activities. One particularly memorable thing was that each of the places we visited had its own special appearance, characteristics, methods, and language. There were a myriad new experiences and events, rather than the single rule and single model of the past. All of this ultimately represents the success of the CPC Central Committee's correct Marxist line of seeking truth from facts. It may be said that with the support and guidance of the CPC Central Committee, this ideological line has by now been learned and gradually grasped by the leading cadres at all levels, but is still being learned and grasped by the grassroots cadres and masses, and in particular by advanced units and people. The implementation of the CPC's ideological line has liberated the thinking of the cadres and masses, and given play to their massive socialist enthusiasm and creativity. This is a highly gratifying and important thing.

Starting From Facts in Everything

Comrade Deng Xiaoping pointed out that "seeking truth from facts is the basis of the proletarian world view and of Marxist ideology. All the victories we achieved in our past revolutions were based on seeking truth from facts; and in the same way, as we carry out the four modernizations today, we are relying on seeking truth from facts. Not only the CPC Central

Committee, and the party committee, and the party committees of provinces, regions, counties, and communes, but every factory, organ, school, shop, and production team must seek truth from facts, liberate their thinking, use their brains to solve problems and get things done."

Following the 3d Plenary Session of the 11th CPC Central Committee, the CPC Central Committee has constantly reminded all the various regions, departments, and the units to suit measures to local conditions, events, and schedules, and has reminded cadres, as Comrade Mao Zedong said, to "be good at analyzing concrete conditions, and start with the different regional and historical conditions, to decide upon the current tasks and methods for each area." It is not sufficient merely to stress seeking truth from facts when drawing up policies; only by the whole party, from top to bottom, upholding the pragmatic approach when carrying out policies, will we be able to give full play to the tremendous force of the party's policies. We have been happy to see that many advanced grassroots units have already done this, upholding the policy of starting with reality in everything, and thereby making marked achievements in suiting measures to local conditions, and giving play to their advantages.

There is a village called Changfu in Jiufu commune, Longhai County, in the suburbs of Zhangzhou city. This village has had a tradition ever since the Ming Dynasty of opening flower nurseries and cultivating flowers and plants. In 1963, when Central Committee leader Zhu De visited the village, and saw all the commune members busy gardening, he said happily: "This is really a 'village of a hundred flowers'!" However, during the decade of internal disorder, the flowers died, and the gardeners were persecuted, causing great losses to the area. Following the 3d Plenary Session of the 11th CPC Central Committee, the cadres and masses of the "hundred flowers village" leaped onto the road to prosperity. They started with the actual conditions of the village, gave full play to their advantages, and at the same time as grasping agricultural production, took the development of flower growing as the key to prosperity. Now, each of the more than 800 households of the production team is using their households and balconies to establish nurseries, turning themselves into a "specialized gardening village." Last year's income from horticulture amounted to a total of 1.4 million yuan, or 87 percent of the production team's total income. The living standards of the commune members greatly increased, from around 90 yuan in 1978 to 400 yuan.

Yanxitou, in Longhai County on the banks of the Jiulongjiang, is another advanced example of a place which has suited measures to local conditions and exploited its advantages in terms of manpower and technology. There are two natural villages in Yanxitou, Shangyan village, which has a tradition of handwoven bamboo products, and Xiayan village, which during the cooperativization movement had a wood factory, and many carpenters. Following the 3d Plenary Session of the 11th CPC Central Committee, this production brigade made great efforts to develop bamboo and wood processing, and all the various craftsmen in the area appeared with their special skills to take part in the work. There are now 235 specialized households making bamboo and wood products, amounting to 98 percent of the total number of

households in the production brigade, and creating a "specialized bamboo and wood village," whose products are sold in seven Southeast Asian countries. Last year, the output value of bamboo and wood processing alone amounted to over 800,000 yuan, or 75 percent of the entire output value; average per capita income rose to 480 yuan, 2.5 times more than in 1978.

The example of these two villages show that to start from facts in everything, and decide our work policies on the basis of actual conditions, is the basic ideological and work method which we must respect. Great efforts to develop commodity production represents a basic policy of our party in the countryside. In order to apply this policy in every single county, township, and village, we can only start with the real conditions obtaining in each case; we must look at what each area has to offer in terms of natural resources and craftsmen, how its products are selling, how competitive they are, what the funds situation is, and so on. The reason why some advanced examples have made achievements in the development of commodity production lies primarily in the fact that they have respected the principle of seeking truth from facts. We are Marxists. We can never at any time violate the basic principles of Marxism-Leninism-Mao Zedong Thought; this cannot be doubted. However, universal truths cannot be a substitute for our rich, varied, and special knowledge of actual conditions. In order to respect objective laws, it is necessary to respect their variety, their imbalance, and the special nature of their inherent laws; we cannot follow a single model, or "cut everything with a single knife." Comrade Deng Xiaoping pointed out that in everything we say or do, the key to the question of whether we can solve problems or not, and whether or not we solve them correctly, lies in whether we can take the attitude of seeking truth from facts, and start from reality in everything. He requires that all comrades, from the CPC Central Committee down to the grassroots, must grasp the way of thinking of seeking truth from facts and starting from reality in everything. We have been gratified to see that this principle is bearing fruit in the countryside.

Breaking Through the Spiritual Shackles of "Leftism"

The maintenance of the ideological line of seeking truth from facts requires people to liberate their minds, break free of the bonds of all the old rules and regulations not in line with real conditions, break through all sorts of spiritual shackles, and creatively investigate and solve all the actual problems we face.

Comrade Deng Xiaoping says: "Liberating our thinking means adapting our thinking to reality, and the subjective from the objective; it means seeking truth from facts. Henceforth, we must in all our work really uphold the principle of seeking truth from facts, and must therefore continue to liberate our minds." If our thinking lags behind reality, we will not be able to progress along with changes in objective conditions; if on the other hand our thinking goes beyond the developmental stage of the objective process we will be equally unable to suit the subjective to the objective, or our thoughts to reality, and will therefore be unable to liberate our minds. In order to uphold the ideological line of seeking

truth from facts, we must constantly guard against and overcome these two problems which hinder the liberation of our thinking.

From the point of view of the situation in rural work, the first thing we must do is to continue to solve the problem of stagnant thinking, and break through the trammels of "leftist" thinking. Our understanding of this point was greatly deepened by our visit to Chendai commune in Jinjiang County. Chendai commune has been awarded the title of "a spray of flowers" by Fujian Province. The commune is situated on a plateau in a bend of the Nanchuan River; its soil is fertile and naturally irrigated, and it carries out double-cropping of rice. However, 5 years ago the per capita income of the commune members in this rich area was only 52 yuan, and almost all the households had to borrow money to plant their fields, and live on grain sales; it was a typical "high-yield poor commune." Today, 5 years later, the Chendai peasants have all become prosperous, with per capita income reaching 526 yuan, 10 times the 1978 figure. How did this come about? The key was in liberating their thinking, and having the courage to break through the shackles of "leftist" thinking. Under the influence of the "leftist" line in the past, the people's minds were closed, and manpower was used only on growing grain in a small area, while nobody dared to build up sideline industries. The masses said that this was like a living horse tethered to a dead tree, with a lot of power but no way to use it, with the result that the people were left in poverty. They now realize that it is not possible to become rich purely through growing grain on small patches of land, and only by breaking out of this mold and going in for industry, thereby taking the road to prosperity through industrialization, is it possible to change the backward face of the countryside. Who should be responsible for carrying out this industrialization? According to the "leftist" guiding thinking, only an enterprise run by the state or the collective constitutes a socialist enterprise; while a factory run by the masses themselves was seen as a "capitalist" undertaking. Therefore, as soon as people gathered funds and set up an enterprise, there was a lot of dissent. The Chendai Commune CPC Committee came to a thorough understanding of the CPC Central Committee articles' spirit, and looking back at the experience of the 1950's when agricultural cooperatives, purchasing and marketing cooperatives, and credit cooperatives operated and the masses encouraged to buy shares in them, quickly unified their thinking. They realized that the state faces many problems at present, and has a lot of things to do, but cannot do them all itself. Only relying on the power of the masses to set up factories by themselves can be called a realistic and viable practice. They made a whole series of important reforms in their economic management, changing from the "five singles" (that is, single production of grain, single channel for funds, single management system, single production team accounting, and single economic composition) to the "five variables" (that is, variable management forms, variable channels for funds, variable management systems, variable distribution accounting, and variable economic composition), bringing about the speedy development of enterprises run with funds raised by individuals. This development meant that by 1983 the total annual industrial and agricultural output value had risen to 71 million yuan, a five-fold increase over 1978. Of this, 86.8 percent came from industrial and sideline industries, while 13.2 percent came from agriculture. This

greatly promoted the shift from the traditional natural economy in the rural areas to commodity economy. This new rural industrial economy has developed from the single form of commune members pooling funds to run factories to several different forms; separate production teams run enterprises, other concerns are run jointly by the county, the commune, and a production brigade, while there are also various sorts of cooperative economic entities run by the commune or commune members. They have developed their own way of doing things, and have achieved remarkable economic results, showing great vitality.

Breaking Out of the Trammels of Stagnant Models

In the past, no attention was paid to objective realities, and there was a serious problem of metaphysical thinking which followed a single model. In agriculture, this meant that only "one single flag could be raised" and only "a single book could be read." From questions of principle to specific practices, a single model had to be imitated, "it was not permitted to use the excuse that conditions were different to affirm a policy in the abstract but deny it in the specific," and "everything was cut with a single knife" all over the country. The result of this was that these rigid models bound the initiative and enthusiasm of the hundreds of millions of cadres and masses, and the "single knife" cut off the road to prosperity for the peasants.

Following the 3d Plenary Session of the 11th CPC Central Committee, our party determined to get rid of all those rigid models which had proved unsuccessful in practice, and thousands of new, vital forms sprang up in the countryside. In Fujian, we visited many specialized villages, and were deeply impressed by the creative force of the broad cadres and masses. Specialized villages included specialized horticultural villages, fishery villages, forestry villages, bamboo and wood products villages, sideline villages, and so on. The various industrial and sideline villages were involved in all sorts of things; in Chendai commune, Jinjiang County, mentioned above, there are 26 production brigades, of which 16 have now become specialized villages, establishing a commodity production network comprising among other things foodstuffs, metals, rush-woven products, leather, plastic and building materials. In the Yangdai production brigade, which we visited, the peasants had pooled funds to run 44 clothing, shoe, and hat factories, with a gross annual output value of over 3.96 million yuan, turning them into a famous "clothing, shoe, and hat specialized village." The various men's and women's summer and winter shoes and woven garments they produce have sold well in large cities all over the country. The neighboring Fangjiao production brigade has set up 67 hardware factories, which custom-build textile machine parts for several of China's large hemp weaving factories, and produce an annual output value reaching 2.1 million yuan. The entire production brigade possesses over 700 lathes, nearly one for every family, and has thereby become another well-known "specialized hardware village." The Huatingkou production brigade is a "specialized plastics manufacturing village," with a total of 14 factories which manufacture various durable, attractive medicine containers for several of China's pharmaceuticals factories, along with various household plastic products.

In addition, there are also a specialized foodstuffs processing village, a specialized leather processing village, a specialized building materials village, and so on. These specialized villages each have their own special characteristics and creativity. They each base themselves on their own different conditions in terms of natural resources, technology, funds, manpower, and management experience, and have through trial and error in practice, worked out specific methods in line with their situations, becoming involved in the sort of specialization most suited to themselves. They are the ones most familiar with their own local conditions, and are in the best position to feel directly the specific consequences of their policies. This is also an important reason why the broad grassroots cadres and masses are able relatively quickly to accept this line of thinking put forward by the CPC.

Of course, we cannot take an advanced unit like Chendai commune as a "model," and blindly copy it regardless of conditions in each region or unit. Advanced models have a certain universality, but also their own specific characteristics. Like all advanced units, they cannot be entirely perfect or faultless, and in the process of development and progress there will arise problems which will need solution, and there is a need for continued research, development, and progress in practice.

Having the Courage To Reform and Create

The force of habit, particularly in the sphere of small production, has marked characteristics, namely being satisfied with the status quo, holding onto old rules and regulations, being afraid to reform, and lacking in the spirit of creativity or reform. If we fail to break this force of habit, we cannot possibly liberate our minds or seek truth from facts, and can therefore not possibly take the road to prosperity through hard work.

When we visited the Jianping County seed multiplication farm, we listened to a briefing given by the farm's party branch secretary, Comrade Chen Qinan, and were very inspired by it. This seed multiplication plant is one of the country's advanced agricultural collectives. The entire farm consists of only something over 900 mu and has only around 200 employees, so that its conditions cannot be described as particularly good, while in years past it made successive losses. Since the 3d Plenary Session of the 11th CPC Central Committee, they have braced their spirits, liberated their minds, found the courage to open up new paths and to create, and upheld the policy of actively developing diversified management methods on the basis of propagating existing seeds, and production has seen great development. In 1983, the farm provided the state and production brigade with 32,000 jin of rice seeds, 250,000 jin of orange seeds, 1,800 piglets, 2 million fry, and also 5,800 dan of market oranges, 240,000 jin of cow's milk, and pork, fresh-water fish, melons, and so on, bringing in an income totaling 540,000 yuan. The average annual income of each employee was 1,400 yuan. Comrade Chen Qinan said that whatever the farm became involved in made a profit, never a loss. Over the past few years, they have drawn funds from this profit to build an industrial and commercial services building, a science and technology building, a seed warehouse, a grain (fodder) processing plant, and a

dormitory for employees. By now 90 percent of employees have moved into new accommodations, with each household having a floorspace averaging 40 or 50 square meters. Free medical care, kindergarten, primary school, and middle school facilities have been introduced throughout the farm. The whole operation is full of vigor and vitality.

It would seem that the important issue here is one's spiritual attitude. This is the key issue for the leaders of a region, department, or unit. A conservative, complacent attitude cannot possibly produce good work; only by giving full play to subjective initiative, breaking the fetters of force of habit, and inspiring a spirit of positive progress, and having the courage and consciousness to reform and create can we constantly open up a new situation in our work.

Respecting the Historical Initiative of the Masses

Seeking truth from facts is an ideological line inseparable from the mass line historically put forward by the CPC. Seeking truth from facts is the implementation of an ideological line, and has liberated people's thinking, and given play to the socialist enthusiasm and creativity of the cadres and masses. In order to uphold the ideological line of seeking truth from facts, we must uphold the mass line. Objective reality is highly rich and complex, and in order to gain a correct understanding of it, we must rely on the practice and wisdom of the broad masses. In his "On Certain Questions Concerning Methods of Leadership," Comrade Mao Zedong said that coming from the masses, going to the masses, and collecting, upholding, and respecting this cycle, constantly corrects our knowledge and perfects it, and this is the Marxist theory of knowledge. This linking of the mass line with the seeking of truth from facts, from the point of view of our historical view, is entirely logical and realistic. The people are the motive force behind historical development. Our work on all fronts must rely on the people and have confidence in them. The historical initiative of the hundreds of millions of people represents the main guarantee for the implementation of profound social reforms and the constant increase in the labor productivity rate. Without the genuine support and initiative of the broad masses, no victory is possible. At the back of all the demands and wishes of the masses is the objective demand to directly or indirectly reflect social development. Therefore, carefully listening to and respecting the opinions of the masses is in itself an important manifestation of the implementation of the principle of seeking truth from facts. That some of our past work was done badly and even proved unsuccessful was, basically speaking, because we failed to implement the mass line, or to reflect the demands of the masses, or gather their wisdom. Now, the reason why the CPC Central Committee's line, principles, and policies are correct is because they highly respect the creative spirit of the masses and grassroots cadres, and take seriously the historical initiative of the masses. This is not something which begins with the wishes of leading organs, but involves having thorough faith in the masses, relying on them, looking into and learning from their experiences, and constantly summing up these experiences, on the basis of which the CPC Central Committee decisions are made, and after which we go back to the masses to examine the policies in practice, and thereby enrich

them, gather them and uphold them. It is precisely because of this that over the past few years, the massive readjustment and reform of the relations of production in agriculture have been carried out so healthily and successfully. Looking back at the development of the responsibility system in agricultural production over the past few years, from contracts for jobs to production contracts and back to job contracts, and on this basis the appearance of a huge number of specialized houses which developed into specialized villages, we can see that this is the development of the party's policy with the development of the mass line; the masses' opinions and wisdom have been constantly gathered, and have undergone a process of gradual perfection and consolidation, a process which is also a process of making the concrete forms of the rural relations of production more and more in line with the needs for the development of production.

Comrade Deng Xiaoping says: "If the party organization of a production brigade, a factory, a workshop, or a group is able to face the specific problems arising in its own unit, and take the mass line, consulting with the masses, putting forward good methods, and providing an example through the CPC members, and thereby finding a genuine solution to these problems, then the party organization will have provided the four modernizations with a valuable contribution." He also says that it is necessary to enable each factory and production brigade to give play to its initiative and creativity through all possible means. If a tiny patch of its land is not being planted, or a tiny patch of water is not being used for fishery, then the brigade members and cadres will not sleep at night, because they will be trying to think of ways to rectify this situation. Just imagine how much wealth will be produced if all the hundreds of thousands of enterprises and production brigades throughout the country use their brains! It may be imagined that a huge, highly populated country such as ours, if all of its people liberate their minds and use their brains to solve problems and do things, thoroughly giving play to all their own enthusiasm, creativity, and intelligence, what massive strength will be created!

Now, the CPC's ideological line of seeking truth from facts is going deeper and deeper into people's hearts, but if in our actual work we are to continue to uphold this ideological line, we still have a lot of hard work to do. We have confidence that as long as we determinedly and constantly break open a path to progress along the ideological line of seeking truth from facts, we will definitely be able to go many steps further on the road to creating socialism with Chinese characteristics.

CSO: 4004/11

THINK THRICE BEFORE BUILDING HIGH-RISE RESIDENCES

Beijing RED FLAG in Chinese No 22, 16 Nov 84 pp 28-30

[Article by Zhang Kaiji [1728 7030 3444]]

[Text] A large number of high-rise buildings have now appeared in the various large Chinese cities, and they are getting higher all the time. China's urban construction, and in particular its residential construction, has been growing rapidly, with big civil engineering projects going ahead all over the place; this is a gratifying thing. At the same time, an appropriate number of high-rise buildings is necessary in some large cities, and cannot be opposed indiscriminately. However, is it necessary to go in for high rises in a big way without regard for China's present material and financial strength or specific local conditions? In my opinion this is worth looking into.

Urban construction is one of the major parts of state economic construction, and residential construction is a big part of this. In addition, China has a large population and a commensurately large need for accommodations, while the country is poor, so that when building accommodations it is necessary to look very carefully at economic efficiency, but in the current housing construction there is a widespread problem of economic inefficiency.

First, due to the constant rise in the costs of materials, labor, and management, along with land costs, the overall price for housing space is constantly on the rise, with the result that the same amount of funds produces less and less floorspace. Investment in housing construction in China's cities and surrounding areas in 1979 came to 7.38 billion yuan, which produced a total of 64.27 million square meters of housing, so that each square meter cost 114.8 yuan. In 1983, this investment had risen to 17.8 billion yuan, which built a total of 115.69 square meters of housing, so that each square meter cost 153.9 yuan, 34.2 percent higher than in 1979. Therefore, I strongly support Comrade Zhao Ziyang's proposal in his "Government Work Report" to reform the construction industry and the management system of capital construction, and to make great efforts to improve investment returns: "The reform of the construction industry must center on shortening construction periods, cutting costs, raising quality, and improving investment returns. The key to this lies in introducing the contract system and the standard contract system." I deeply believe that after the

systemic reform is carried out in the construction industry, the overall cost per meter for housing cannot continue to rise, but will instead gradually fall.

Second, the proportion of high-rise construction in housing construction in Beijing and some other large cities is gradually rising, so that by 1981 a total of 3.9 million square meters of high-rise housing had been built. Over the past few years, this high-rise housing construction has developed even more rapidly.

High-rise housing construction is different from low-rise housing construction (meaning 5- or 6-story residence) in terms of structure, handling of the foundations, vertical movement and fire control demands, so high-rise buildings work out as much more expensive than low-rise. First, per-meter cost is at least 70 percent higher than for low rises. Second, due to the fact that lifts, fire escapes and so on must take up part of the floorspace, the actual floor use rate is lower than for low rises. In Beijing, for the same amount of usable floorspace it takes 6 square meters more per household in a high rise than in a low rise. Third, due to the need for maintenance and repair of elevators and water pumps, the daily costs for high rises are higher than for low rises, such that each household in a high rise has to pay 500 yuan more annually on maintenance and repair costs than in a low rise. Fourth, the energy consumption in high rises is higher than in low rises, and merely the amount of electricity consumed per household on elevators and water pumps is three times higher than that consumed in a low-rise household. Fifth, the construction period for high rises is long, around two to three times as long as for low rises. And the high overall cost and low use rate in high rises makes each household higher by 1.9 times in investment. Therefore, we must control the amount of high-rise housing construction. Except in cases where land is extremely scarce and there is still a need for more housing even after all other methods of economizing have been used, we should do our best to avoid building high-rise housing.

One reason why there is a lot of high-rise housing is that workers involved in housing construction are not sufficiently concerned with the problem of economic efficiency in their thinking. Concern for economic efficiency should start on the drawing board, otherwise wastage created in planning and designing cannot be made up for in construction. But for a long time now, our construction plans for residential areas have been based on technological and economic targets which include only the amount of square meters of housing space to be built, how many people can live there, and population density, etc. Not enough consideration has been given to how much investment is needed for each household, or how much money will be needed annually for maintenance and repair. A postgraduate student in the construction department of Qinghua University has written an article entitled "An Overall Analysis of the Economic Efficiency of New Housing Areas in Beijing." In this article, she provided several examples: In a competition between planning proposals for housing construction in some small Beijing residential areas, the number of people able to live in the areas under plan No 11 and No 19 are almost the same (the first being 2,934, the second being 2,935), and the amount of land used in each case is almost the

same also, but the plan adopted (plan No 11) will cost 12.32 million yuan more than the other plan. Of course, plan No 11 was superior to plan No 19 in terms of use of space, housing quality, and so on, but given that basic needs would be satisfied in both cases, it is worth looking into the question of whether it was worth spending an extra 10 million yuan and more for this. In my estimation, when choosing between the plans, the vast investment difference was ignored, because it was not reflected in any of the economic targets of the various plans at the time. Therefore, it has been pointed out that "in China's construction circles there has been very insufficient attention paid to economic efficiency; this is because our existing policies and systems, along with our various measures, have created a situation in which decisionmakers, planners, selectors, and engineers, take no economic responsibility whatsoever for the results of their work, and therefore, not enough analysis is made of the economic implications of any construction project." I basically agree with this opinion.

There should be a rational ratio between housing rentals and housing values, such that if the house's value rises or falls, so does the rent. At present there is little relation between rents and values; rents are fixed too low, so that housing construction cannot possibly maintain replacement, with the result that the more housing is built by the state, the greater the burden on it, and it will be impossible to carry on this situation in the long term. If rents were exacted according to the capital value (including maintenance and repair costs) of housing, then rents for high rises would be far higher than rents and prices for low rises, and I am afraid very few people would be willing to pay double the money to rent or buy in high rise. Therefore, in order to create conditions for the future, when rents will be linked to property values, we should control the construction of high-rise buildings.

High-rise accommodations are not only uneconomic, but inappropriate. Due to the fact that elevators often do not operate all day, it is highly inconvenient for old people to go up and down, and difficult for families with children who want to play outside, and for parents to look after them. Surveys carried out abroad have found that children living in high rises are inferior to other children both intellectually and physically. Over the past few years, tower blocks have accounted for an increasing proportion of high-rise buildings. These are even less appropriate than ordinary high rises. Often in tower blocks at least one household faces completely to the north-east, or else part of the flats will only have half a day of sunshine. With ordinary blocks, however, each household can enjoy sunlight for the whole day. And the long public road often seen in China's high-rise blocks is even more inconvenient for residents.

Of course, the building of a small number of high-rise blocks where conditions are suitable can sometimes enrich the urban landscape. The building of a small number of high rises in a small housing area also helps break the monotony of a whole series of low rises. However, the sudden appearance of several high rises in small or medium-sized cities will very likely destroy the sense of proportion of such cities, and in certain historical and cultural cities may also destroy its proper landscape, or threaten neighboring ancient buildings. In Beijing, there are now some high-rise

blocks surrounding and threatening the areas of Beihai and Tiantan. In certain scenic areas, some new high-rise hotels have also destroyed the scenery.

One important reason behind support for building high rises is the scarcity of land in cities, and therefore the necessity of building high-rise blocks to raise the building density. It is entirely necessary to economize on land, but it must be pointed out that a whole series of paths may be taken to save land, and the building of high rises is only one of them, and not the best one at that. To use medicine as an analogy, high-rise construction is a fast-acting method for increasing density, but it has a lot of side-effects, so it should be used most sparingly, and only when absolutely necessary. By now, very few small high-rise housing estates are being built abroad, and instead "low-rise high-density areas" or "middle-height high-density blocks" are being built, because these last two may also raise construction density, but do not carry the side-effects of high rises. One important way of raising the land use density of low and middle rises is to increase their basement areas. This is a method widely used and found effective abroad. Over the past few years, such low rises have been built in Beijing, Shanghai, and Tianjin, and have both saved space and been popular with residents.

Why is there such enthusiasm for building high rises all over the country? For the following reasons: First, in some cities with extremely tight land-space, this method is indeed a relatively simple and effective way to save land. However, if an overall space-saving plan is not adopted, this in itself is not rational. Second, some comrades think even today that high rises are the only way to save land, and do not know that there exists relatively great potential for space saving in plans for the more attractive and inexpensive low-rise buildings. Third, some comrades believe that high rises constitute a symbol of modernization in a city, and if a city does not have several of these high rises it will not catch up with the times. Some capitalists abroad who build high rises despite the expense often have as their aim advertising their business. For example, the highest building in the world is in Chicago, and was built by a big U.S. department store, and the building's name is also the name of the company.

Urban construction should maximize advantages and avoid shortcomings. In my opinion, China's disadvantage is that it is poor, and it must therefore be highly thrifty, and should not start to spend recklessly just because China's economic situation is taking a turn for the better. One of our advantages is that China has a rich and superior traditional culture, which is well worth prizing and preserving. For instance, Tiantan in Beijing cannot be matched by any skyscraper, and therefore there is no need to build high rises to make Beijing look great. Moreover, if high-rise construction is not carried out properly it may easily destroy Beijing's landscape. In addition, it is also necessary to take into account the risk of fire and earthquakes. Therefore, it is worth thinking thrice before building this sort of high-rise building despite the cost.

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SEVERAL POINTS IN MY UNDERSTANDING OF ENLIVENING SOCIALIST ENTERPRISES

Beijing RED FLAG in Chinese No 22, 16 Nov 84 p 31

[Article by Wang Yezhen [3769 2814 7201], director of Tianjin Xingang Shipyard]

[Text] Our socialist enterprises should also make their profits. The difference is: Our socialist enterprises earn profits from the people and use them in the interests of the people, while the profits of capitalist enterprises are owned by a small number of people. Therefore, our socialist enterprises should regard the quality of their products, the delivery time, prices, and after-sales services as major tasks vital to them. Our enterprises should pursue the modern administration characterized by high efficiency and rapid response to market information.

1. There can only be one command system in the production and management system of our factories. We should adopt the system of assigning responsibility level by level, so that a management policy decision and an order can be carried out without hindrance to any corner in our factories.
2. We should train our talented people and let everybody display his talent in the process of competition and should assign, without sticking to one pattern, a large number of middle-aged and young people to leading posts at all levels. Judging by the advanced administrative experiences of foreign enterprises, most of them regard records of formal schooling as essential data in evaluating their staff and administrative personnel. The system of limited tenure of office should be implemented among all administrative personnel. During tenure of office, duties, responsibilities, and rights should be appropriately fixed for the post. As a result, this will give rise to the contradictory situation whereby people both fear holding important posts and want to hold important posts, allowing objective law to control the balance.
3. Now, production and technology is not smooth in many factories of our country and goods are carried to and fro unnecessarily, causing a lot of waste. In addition to making management policy decisions, the major tasks of our enterprise leadership at all levels are to make the production process, technology, and administration smooth and avoid unnecessary losses. All the trades of the whole country should not pursue a unified form of

administrative system. With the policy of letting a hundred flowers blossom, we can choose the form in the light of the needs of our technological process of production and technology, as long as we can achieve the best results.

4. While fixing the targets of production, quality, and economic results each year, the wages and awards of each staff and worker should increase simultaneously with the increase in production, thus forming a good cycle. If a factory is operated satisfactorily, the wages of its staff and workers may be increased every year, but if a factory fails to operate satisfactorily, of course, the wages of its staff and workers cannot be increased. By doing this, the staff and workers of those enterprises which are run satisfactorily will become rich first, and this will motivate everybody to compete with one another, to be concerned with the improvement of enterprise administration, and to be concerned with the question of whether his own enterprise is satisfactorily run.

5. The factories which are mature, should vigorously carry out their technological transformation and promote the application of electronic computers and should improve, by means of their high efficiency and high precision, the quality of their products and reduce their production costs in order to sharpen the competitive edge of their products.

6. We should give our awards to our particularly excellent factory directors. Whether or not a factory is operated satisfactorily is not judged by the impression of the leadership, but by a set of strict data for our evaluation. We should urge the directors of our various factories to compete with each other, and thus make everybody go all out to make progress. Our factories should not be assigned by contract all-round responsibilities for a single task but should be assigned by contracts all-round responsibilities for the overall operation. By doing this, we will be able to put our factories under the control of a strict and scientific administration. Otherwise, confusion is apt to emerge in our enterprises.

7. If a factory does not operate satisfactorily, we can pay 60-75 percent of the wages to the workers and let them wait for work at home. In order to raise the labor efficiency of our workers, those who have worked hard will be rewarded and those who are lazy will be punished. We can also let some of our workers have a certain proportion of their wages and wait for work at home. Thus we can give rise to an atmosphere in which everybody is compelled to do his work satisfactorily, and which causes our staff and workers who do not work satisfactorily to have a sense of crisis about their livelihood.

We should break completely with all the practices of "eating out of the same big pot," and "providing people within an iron rice bowl." Allocation, promotion, wage increases, holidays or vacations and tours should all be given to different people in different ways in accordance with their contributions to the state.

I am of the opinion that in order to invigorate our enterprises, these several things are the very least that each factory can and must do.

Although we encountered quite a few difficulties and obstacles when Xingang Shipyard did these things, our practice proved that as long as we were determined in our attitude and as long as we made clear our reasons, the vast number of our staff and workers and masses would support us.

CSO: 4004/10

'HORIZONTAL DIRECTION' AND 'VERTICAL DIRECTION' IN COMPARISON

Beijing RED FLAG in Chinese No 22, 16 Nov 84 pp 32-33

[Article by Jiang Xia [3068 7209]]

[Text] Comparison is something we often do in our daily lives and it can become an aspect of learning after a process of development. For example, comparison in literature, comparison in linguistics and comparison of culture. All these aspects of learning are characterized by comparison and are valuable sections of learning.

It is said that some people abroad who specialize in the "science of comparison" hold that in its narrow sense, comparison is only a "horizontal one" (namely, the comparison on a certain aspect between different countries, nations, and areas for the same period of time), while "vertical comparison" (the comparison on a certain aspect between the present and the past for the same country) is not considered unless in a comparison of a broad sense. The further extension of this view has given rise to an idea that we should stress developing "horizontal comparison" in making comparisons.

Naturally, "horizontal comparison" is the major part of comparison. If this is correctly done, it will facilitate opening up our field of vision, discovering our own strong and weak points, and understanding our own characteristics. This will be very useful for overcoming the blindness of closing the country to international intercourse and of being complacent, for learning from other people's strong points to offset our weak points, for developing our strong points and avoiding our weak points and for blazing new trails. However, we should never underestimate the significance of "vertical" comparison, but must attach great importance to it. By means of carrying out correct "vertical comparison" we will be able to sum up our historical experiences, probe into the keys to development and change and find the laws governing them. This will facilitate confirming our achievements, strengthening our confidence and soundly grasping our own characteristics and conditions and thus enable us to seize future victories.

In fact, in our research work, "horizontal comparison" and "vertical comparison" always supplement and are closely related with each other. If a comparison is to be deep and not superficial, it should not stop at static

horizontal comparison between things and phenomena and must probe deeply into the movement and development of the things under comparison. As a result, we will inevitably start a "vertical comparison."

Neither Marx nor Engels were specialized in the "science of comparison," but they often scientifically applied the method of comparison. In many of their various works, they studied the rise and revolution of the bourgeoisie in the fields of theory and learning. Through "horizontal comparison," they found that Britain was characterized by the development of political economy, France by the development of the theory on politics and law, while Germany was characterized by the development of philosophy, and that each of these countries had their respective strong and weak points. They deepened this analysis and profoundly probed into the historical processes of the three countries, and in particular, grasped the situation related to the development of classes and systems, their different political and social conditions and the continuity of ideological materials and the mutual influence and difference between the three countries in theory and learning and thus made a "vertical comparison" to explain the starting points, grounds, conditions and causes for the difference and looked for the laws governing the development of things. Very obviously, without combining "horizontal" and "vertical" comparison, it was impossible to complete this kind of comparative research. Therefore, how can we look down upon or discard at will "vertical comparison"?

Furthermore, whether in making "horizontal" or "vertical" comparison, the key to achieving positive results in research work is correct application. This means that we should pay attention to the following questions: Why is the comparison to be made? What is the starting point of comparison? What is the stand and viewpoint in making the comparison? How is scientific and historical concrete analysis to be satisfactorily made in the comparison? If we fail to pay attention to these questions, our "horizontal" comparison will become a simple contrast and listing of phenomena and will result in completely vindicating other people and completely negating ourselves, while our "vertical" comparison may become retrospection instead of looking forward and will result in the erroneous tendencies of being satisfied with the current situation or regarding the present as being worse than the past.

Both Marx and Engels pointed out: Concerning bourgeois political economy, Germany was not so developed as Britain was. This was caused by the difference in the degree of development of the two countries' capitalist relations of production. Later, Germany adopted Britain's economics, but because of the restrictions of social and historical conditions, this kind of economics became a confused mixture in the hands of the weak German bourgeoisie. However, though the German bourgeoisie were not provided with the conditions to establish the bourgeois science of economics, the increasingly powerful German proletariat was able to establish its own economics (Marxist political economy) in the process of criticizing bourgeois economics. We can see how well "horizontal" and "vertical" comparison were combined here and how scientific and vigorous were the stand, viewpoints, and methods used in the comparison.

We should more satisfactorily study Marxist methods of comparison.

DEVELOP THE LIGHT WEAPONS OF THEORY

Beijing RED FLAG in Chinese No 22, 16 Nov 84 p 33

[Article by Gan Feng [2413 1496]]

[Text] In war, heavy and light weapons play their respective roles and have their respective strong points. In order to destroy enemy fortifications and drive straight into enemy areas, we need to give play to the role of heavy weapons, but light weapons are indispensable in fighting at close quarters and win in actual combat. Is this not also true in the struggle on the theoretical front?

At present, the urban economic reforms are being speeded up. During the reforms, our cadres and masses of people have raised many questions to which we should give answers based on theory. The vast number of cadres and people have seldom been so urgently in need of and interested in theory as they have in the past few years. This need of society is more powerful than 10 locomotives in promoting the prosperous development of our theoretical work. Many of our theoretical workers who have a sense of the times and of responsibility have found that they should no longer sit still in their offices and have left their reading rooms and gone to the forefront of economic reform to understand the new situation and study the new problems. They respected the revolutionary creativity of the masses of people, looked for things in the nature of economic laws in people's practice, and answered the questions put forth by the masses of people. "Spring is full of vigor in blossoming apricot trees." During the spring of reform, the trees of theory are full of flower buds and filled with boundless vigor.

In order to meet the demand of the current situation of economic reforms, we urgently need to develop light weapons for our theoretical work. True, huge volumes of books and long theses--the "tanks" and "artillery" of the theoretical front--are very important, but they take a long time to write and have a relatively small number of readers. What is vital is to write some short articles that the vast number of cadres and masses of people urgently need and like because they are closely related to actual problems and can help the cadres and people solve their practical and theoretical problems. Our writing should be easy to understand, our writing style should be lively, and the forms should be diversified. We should overcome the old habit of writing everything on theory in a serious style and in an

elaborate manner. "A mountain is well-known if it has celestial beings, whether or not it is high; waters are wonderful if there is a dragon in it, whether or not they are deep." If we understand these words, we will see how ridiculous it is to cover the emptiness of our articles with the pretensions of a lofty and profound style. Theoretical articles can be written in diverse forms. We see that in classic Marxist works there are letters, pamphlets, speeches, essays and diverse other kinds of writings. In these writings even fables, fairy tales, and stories are cited. Who can say that they are not articles on theory? It was in the process of solving and answering the problems and questions that cropped up in the process of the current developments of history that the theory of Marxism opened its path to development. When solving these problems and answering these questions, it is imperative to adopt different forms for different needs and aims so as to achieve a historical unity between content and forms. We should also act in this manner now. Developing the light weapons of the theoretical front is precisely aimed at meeting this kind of demand. If one looks down upon light weapons of the theoretical front and does not know how to use them, and if one thinks that these kinds of articles are ad hoc and are not theory, and holds that theory should be lofty and rare, one will be committing a major mistake.

CSO: 4004/10

A DISCOURSE ON AESTHETIC EDUCATION

Beijing RED FLAG in Chinese No 22, 16 Nov 84 pp 34-38

[Article by Jiang Kongyang [5592 1313 7122]]

[Text] I was studying in junior middle school when the war of resistance against Japan broke out in 1937. One day, two members of the resistance propaganda team visited our school. They called the students of the whole school together and, without much ado, started singing the "Exile Trilogy," the first number of which was "On the Songhua Jiang." Everyone present sighed and cried. When they sang "Fighting Our Way Back," morale ran high and everyone was anxious to charge to the battlefront. This happened 47 years ago, but the impression it left was so deep that I found it irresistible then and still cannot forget it now. Activities of this kind that make use of literature, art, and other aesthetic forms to arouse people's emotions, educate people, and cast a persuasive influence deep in people's hearts are what we mean by aesthetic education.

Aesthetic education is not something new. It has existed since ancient times. In the "Canons of Shun" contained in the "Book of History," there is the saying: "We should educate our sons in the classics and in music." The educational concept of Confucius was: "It is by the odes that the mind is aroused. It is by the rules of propriety that the character is established. It is from music that the finishing touch is applied." Xun Kuang [5424 0400] wrote "On Music" and noted: "Music penetrates the heart and quickly exerts a subtle influence on people." The "Book of Music" even pointed out in particular: "Music...can make one's heart perfect. It can deeply affect people and change prevailing customs and habits." Under these people's influence, education in the odes, on propriety, and on music have been stressed through the ages. It was through literature and art and the code of behavior that aesthetic education has been carried out. This is the case in China as well as in the West. In ancient Greece, Homer's epic poetry was used as a textbook for educating children. Plato thought it was blasphemous of Homer to describe the gods drinking, stealing, and fighting. For this reason, he excluded Homer and other poets from his "Utopia." Because he had to educate people, he advocated using physical training to educate children physically and using music to educate them mentally. In this way, he invited the poets and literature and art into his "Utopia." Aristotle, on the other hand, repeatedly emphasized that music, literature, and art could

purify people's feelings and always paid attention to the role of literature and art in aesthetic education. In ancient Rome, Quintus Horatius Flaccus advanced the idea of "using music as a means of education" and advocated that the roles of literature and art as a means of recreation and a means of education should be combined as one. In the Middle Ages, the theologians held literature, art, and aesthetics of the perceptual world in utter contempt and regarded them as poison and as monsters. But, they still had to rely on literature and art to publicize God and their doctrines. Thus, they also had their own kind of aesthetic education. After the Renaissance, literature and art not only prospered in an unprecedented way, but produced a great impact on social life. For this reason, people paid great attention to the role of literature and art in aesthetic education. In the "Enlightenment" of the 18th century, an important idea of the "enlightening" was to open people's minds with literature and art so that they could head from ignorance to brightness. This would turn bad people into good ones and good ones into still better ones. The aesthetic concepts of Diderot and Lessing mainly advocated the role of literature and art in aesthetic education. Kant considered beauty a symbol of ethics, while Hegel held that aesthetics had a liberating nature. ("Aesthetics," Vol 1) This shows that they both paid great attention to the role of aesthetic education. As for Schiller, his aesthetic ideas centered on aesthetic education. In his "Letters on Aesthetic Education," he said: "Beauty comes before liberty." "If we want to bring about political liberty, we must do so via the road of aesthetic education." (See my "Classical German Aesthetics," p 180) In this way, aesthetic education became an important means for bringing about political emancipation and liberty for mankind. It was thanks to Schiller's energetic advocacy and publicity that the term aesthetic education gained popularity.

Aesthetic education has always been stressed by educators, thinkers and theoreticians. It is particularly worth noting that aesthetic education was invariably ignored or opposed in periods of retrogression or stagnation in history. The Middle Ages in Europe and the decade of turmoil in our country are salient examples. On the other hand, aesthetic education was vigorously advocated in all progressive periods or periods of ideological emancipation. Notable examples of this are the Enlightenment in Europe and the "4 May Movement" in China, as well as of the China of today since the 3d Plenary Session of the 11th CPC Central Committee. The 3d Plenary Session of the 11th CPC Central Committee and the 12th CPC National Congress advocated fostering the healthy aesthetic interests of the people and bringing about a fundamental turn for the better in the social atmosphere befouled by the "gang of four." These are positive efforts at bringing up a generation of socialist new people through aesthetic education.

The fundamental aim of aesthetic education is to cultivate people. As the old saying goes: "It takes 10 years to grow trees, but 100 to rear people." This shows that the cultivation of people is an extremely arduous and complicated task. In cultivating people, it is necessary to bring them to a higher level. In improving themselves, people must receive education. In order to improve themselves in every respect, they must receive education in every respect. Moral education, intellectual education, physical education, and education through productive labor are different means of education people

adopt in improving themselves. Aesthetic education is also such a means of education. When society was still in a primitive stage, men had already begun to carry out production with an aim. For example, they turned stones into tools that served their purposes and shaped animal's teeth and bones into ornaments that served their purposes. It was this kind of production with an aim that made people not happy with nature, that made them want to transform nature and create a new world. In this new world, they saw their strength. Not only were their practical needs met, but their mental needs for the appreciation of beauty were also satisfied. Mankind was not happy with nature and wanted to create things and make improvements. This was how aesthetic awareness came about. Thus, mankind not only had aesthetic activities in the primitive society, but had already started to improve and educate himself through aesthetic activities.

But the "gang of four" was worse than primitive man. They denied man's aesthetic awareness and regarded beauty and art as bourgeois things and wantonly trampled them underfoot. It was precisely for this reason that no distinction was made between good and evil, beautiful and ugly, when the "gang of four" ran amuck. For example, in the short story "Class Master," the so-called "outstanding" student, Xie Huimin, actually regarded "The Gadfly" as pornography. After the downfall of the "gang of four," the party Central Committee corrected things and aesthetic education was once again stressed. However, some comrades still do not quite understand what aesthetic education means. Some think that aesthetic education is just dancing and bouncing around. Some simply grasp aesthetic education as moral education and overlook its inherent qualities. Some schools even regard art, music, and physical education as "three minor courses" and do not pay any attention to them in their one-sided pursuit of a higher proportion of students entering schools of a higher grade. It is under the guidance of these erroneous ideas that some youngsters have not been able to develop healthily and in an all-round way. They lack spiritual ballast and cannot feel the joys of the beauty and prosperity of life.

In order to cultivate socialist new people in an all-round way and raise the level of man in an all-round way, it is necessary to fully conduct aesthetic education while carrying out intellectual, moral, and physical education. The characteristic of aesthetic education is that it cultivates people in an all-round way. An all-round person must have a material as well as a spiritual life. He must have the power of reasoning as well as feelings. He must be competent in work and be good at arranging his own life and entertaining himself. Man is different from machines, and the worst that can happen to anyone is to become ossified and one-sided. A person must be every inch human. He must have his own independent values and must seek joy and happiness. In short, he must cherish beauty. Aesthetic education seeks to cultivate a deep love for beauty that will enable us to feel the joys of life, to make life more interesting, and to foster a more lofty goal for life. All kinds of beauty are concrete images of perfection that actually exist in nature, in social life, and in works of literature and art. Thus, despite the fact that the appreciation of beauty also needs some kind of preparation in the form of knowledge and reasoning, and despite the fact that there are certain links between aesthetic standards

and moral standards, the appreciation of beauty has its own inherent characteristics: It does not have to be superimposed through the use of any abstract form of intellect, like the inculcation of knowledge, moralizing, administrative orders, or legal sanctions. Like air, it surrounds people who are to be educated, so that unknowingly, yet willingly, they begin to feel and to understand and are thus happy to be educated. After going through the trouble of queueing for a ticket, one would be perfectly happy to sit down and be educated if it is a good film. It is precisely because aesthetic education has such a special feature that our forefathers compared aesthetic education to the wind, saying that, like the wind, it comes and goes without trace but carries with it an irresistible force. When the east wind blows, every bush and tree turns green and a hundred flowers blossom. Where aesthetic education is well-conducted, people can breathe in like air the winds of beauty blown from all sides and absorb them into their bloodstream. This enables them to purify their minds, beautify their characters, and cultivate noble sentiments. When they plunge into the cause of socialist modernization, they will naturally sparkle like gems and make great achievements and contributions.

Man is multi-faceted, and so is aesthetic education. First, it should be an entertaining sort of education. Man's life chiefly covers two areas, work and study on the one hand, and rest and entertainment on the other. Comrades engaged in educational work are prone to stress work and study and overlook rest and recreation. This shows one-sidedness in their understanding. An all-round person must know that besides work and study, he also needs rest and recreation. Insofar as cultivating a person's hobbies, interests, and moral character is concerned, education in recreation plays a role that cannot be replaced by other forms of education. Confucius was a person who knew much about recreation and knew how to educate through recreation. He played a stringed instrument, sang, and used songs to educate his students. He had the refined taste of "finding pleasure in water and in hills," of "washing in the Yi and enjoying the breeze among the rain altars." If a person cannot find any interest in life, life will become meaningless to him. If one cannot find any interest in work, work will become painful to him and he will never be able to create and invent anything. Kant regarded art as a game because he believed that an artist's labor was free, not compulsory. Schiller took over this viewpoint and put forward the theory of games, maintaining that the object of games was beauty. He said: "Man only plays when he is a man in every sense, and he is a full man only when he plays." (See my "German Classical Aesthetics," p 186) The viewpoints of Confucius and Schiller are not necessarily correct, but they reveal one truth: We should pay attention to games and to man's recreation. Man spontaneously seeks recreation, but recreation may have different natures. Recreation may purify and beautify man's feelings and character, but it may also corrupt and degenerate. The former is the kind of healthy recreation that we advocate, while the latter is the kind of vulgar recreation that we oppose. Thus, an important part of aesthetic education is to stress man's recreational life and to cultivate man's aesthetic interests, guide people, and help man improve himself through recreational activities.

Second, aesthetic education should also be education in the love of beauty. It is man's natural instinct to love what is beautiful. This so-called natural instinct is neither an endowment nor a gift from God. It is determined by the nature of man's productive labor. Man is different from animals in that he is capable of carrying out production with an aim. When he has transformed nature in light of his own aims and shaped nature according to his purposes, he feels content and happy and derives from this a sense of beauty. It is precisely for this reason that despite the simplicity of their way of life, primitive men already had a need for beauty and had the natural instinct to love what is beautiful. This natural instinct to love what is beautiful causes man not to be content with nature and to want to create. Man's creativity is inseparably linked with his love and pursuit of beauty. It is because man is capable of loving beauty that he seeks to surpass animals, surpass himself, and continuously make self-improvements. A person who does not love beauty will not have a deep love for life. On the other hand, if one loves and pursues beauty, one will not lose faith and hope in life. The night is long and dark, but there are still stars above us. As long as you are still aware of the glittering light of the stars and can sing in praise of them, you will not find the dark night terrifying. Some say beauty is the hope of mankind as well as the pillar of existence. We find this saying quite reasonable. Thus, another important task of aesthetic education should be to encourage people to love, appreciate, and pursue beauty and to boost people's faith and hope in life.

Third, aesthetic education is also a kind of emotional education. Psychologists divide the function of man's psyche into three parts: reasoning, will, and emotion. Reasoning lays particular stress on thinking and is a part of knowledge; will stresses practice and is a part of action; while emotion is our attitude toward the world around us. Whether or not this analysis of psychic functioning is correct is another matter, but there is no denying that emotion is an important psychic state. This psychic state is often difficult to express. It is simply how we feel in our hearts about the actual world, whether we are satisfied or not satisfied, happy or unhappy. Although such psychic states are true expressions of the heart, they may not always be expressed. For this reason, when we look at the world with passionate eyes, the world seems to hold endless meaning to us. Beautiful things are usually colored by feelings and hold endless meaning. Some of the librettos of Beijing operas do not hold much appeal on their own, but once the feelings of famous actors or actresses are poured into them, you are immediately overwhelmed by the tunes and their charm and cannot help but find them beautiful. Thus, beauty is linked with feelings. Whether something is beautiful or not depends on whether or not it can arouse people's feelings. When we see beautiful things, we always yearn for them, become infatuated, and are passionately devoted to them. Where our heart goes, we follow. We love what we love and hate what we hate, fearing no sacrifice, and we are willing to devote ourselves to these. It is precisely in this sense that Lenin said: "Without 'man's feelings,' there would have been no pursuit of truth by man." ("Collected Works of Lenin," Vol 20, p 255) Thus, although feelings will not bring us any actual material interests, they can enkindle the spark of our lives and push us into a higher realm. Heartlessness and unrighteousness are often spoken of

in the same breath. This is because a heartless person cannot be righteous and cannot have noble thoughts and qualities. Aesthetic education is emotional education; in other words, it cultivates noble feelings in man through love of beauty so that man not only understands and likes beauty, but loves it with all his heart, is impassioned by it, works hard for it, and pines for it. In this sense, an important part of aesthetic education is to mold and temper people's feelings.

Fourth, aesthetic education is also a kind of education in moral integrity. In Greek mythology, Narcissus was a very handsome man. He often lay by the side of a well and admired his own reflection in the water. In the end, he fell into the well and became a narcissus flower. This is not a true story, but it illustrates the idea that man must have high regard for himself and value his own moral integrity. Without moral integrity, man does not have any value to speak of because he has lost his independence and self-reliant spirit and lives like the reeds on the wall or duckweeds in the water. The shaping of man's moral integrity is by no means easy. It is not something we can have any time we want, but is molded through multi-faceted education and protracted tempering and efforts in interrelationships among people and in everyday life. Aesthetic education is an important aspect of the cultivation of moral integrity. It exerts an imperceptible influence on people through their hobbies and recreation, through the way they conduct themselves, and through the appreciation of art, and molds people into individuals with different types of moral integrity. Man lives in a given social environment. While the social environment plays an important part in determining what kind of man he will become, his own image is, after all, molded by himself. The molding of one's image is determined by one's moral integrity. The world is fair to man. If you learn avidly, you will be deep; if you learn in a superficial way, you will be shallow; if you want to be white, you are white; if you want to be black, you are black. Aesthetic education has a lot to do with whether we are deep or shallow, white or black. Thus, we must pay special attention to aesthetic education.

Finally, aesthetic education is, in the final analysis, also a kind of education in art. Although education in such aspects as recreation, love of beauty, emotions, moral integrity, and so on can be conducted through various channels, it finds the most concentrated expression in education in art. Art gives us the fullest and the most perfect enjoyment. It gives the fullest expression of man's aesthetic attitude toward reality. It can best mold people's temperament and cultivate people's moral integrity. A person's mental outlook, his perception of reality, and his creativity are often inseparably linked with the kind of art he likes. Gorki once said: Man is by nature an artist. This shows that man's all-round development is impossible without art. We have been immersed in and living in the ocean of art since we were very young. Wherever we go and whatever we see and hear, there is art. Art opens up our world and fills the air we breathe. We amuse ourselves with it, relax with it, breathe it, and are caused anxiety by it. Our love and hate, as well as our moral integrity and hope, are influenced and shaped by it. Thus, although education in art is not all there is to aesthetic education, it is just as unthinkable to discuss aesthetic education without mentioning art as to discuss plant growth without mentioning air.

Art is so important to aesthetic education primarily because art reveals to us the beauty and ugliness of life and enables us to truly understand what beauty and ugliness are. In life, beauty and ugliness are not only inter-mixed, but are confused at times. In a real life situation, Xue Baochai would definitely win more hearts than Lin Daiyu. Who would like someone as willful, sharp-tongued, and narrow-minded as Lin Daiyu? We need say nothing of Xi Ren, but didn't the unprejudiced and good-natured Shi Xiangyun prefer Xue Baochai to Lin Daiyu? Still, tempered by life, "Hong Lou Meng" (The Dream of the Red Chamber) reveals the reality of life. It enables us to see Lin Daiyu's sincerity and Xue Baochai's hypocrisy, and correctly see the beauty and ugliness which have been reversed in life, thus further raising our aesthetic standards. This creates a major contradiction between the masses living in Prospect Garden and the readers of "Hong Lou Meng." The masses living in Prospect Garden cannot see things straight because they are in the game, whereas the readers can see clearly because they are simply onlookers. The strength of literature and art lies in the fact that it enables us to see reality with a sober mind rather than a muddled one and to distinguish beauty from ugliness. "Boule de Suif" (Tallow Ball), written by Guy de Maupassant, is also a good case in point. The heroine is a prostitute who is looked down upon and despised by everyone. She is given neither support nor sympathy in life. But, in the face of truth and trials, she manifests the noble qualities of a true person, while the business and office workers who look down on her, as well as those ladies who think they are noble, fully reveal their selfishness, narrow-mindedness, and shamelessness. To those who use other people's sacrifices to label themselves as "noble," or those shameless persons who cut a dashing figure with usurped nobility: Isn't the above description like looking at a mirror? Thus, true art should be a mirror that reflects true life and restores life's true features so that people will truly understand what beauty is and what ugliness is and are given aesthetic education.

Second, the role of art in aesthetic education is also manifested in the fact that art is the revelation of the heart, the common "aspirations" of people living in the same era. Art is the reflection of life, but its aim is not so much to reveal certain implications and facts of life as to reveal the secrets in the hearts of the people and reflect people's lives, hates, and wishes. In real life, man invariably has thoughts and feelings that are beyond his control and which he cannot tell anyone. He has nowhere to unburden himself of these thoughts and feelings, so he turns to art as a release. It is precisely for this reason that people from all walks of life like art. In art, they look for knowledge and for joy. What is more important, they want to look for a "bosom buddy," for thoughts and feelings that are mainly kept hidden and which they want very much to unburden if possible. Great artists have profound thoughts and feelings of their own. For this reason, the works they produce can arouse strong reactions in the thoughts and feelings of others. In "The Inspector-General" by N. V. Gogol, the opinionated revelation of love by the mayor has drawn laughter from its audience and won their heartfelt love all these years. Why? Because it incisively exposes the hypocrisy, meanness, and greed of the mayor and satisfies people's demand to abhor the ugly and cherish the beautiful. Young people are greatly moved and much overcome by Lin Daiyu's burning of

fallen flowers and burning of poems in "Hong Lou Meng" and by the scene in which Baoyu wept by the side of Daiyu's body in the movie version of the book. Why? Because it tugs at their heartstrings and their "heart's desire" is aroused by these sincere feelings. Happiness and sadness come from the hearts of the people, and the hearts of the people come from life. Thus, in order to truthfully reflect the art of life, it is necessary to penetrate into the heart of hearts. Art that cannot penetrate into the most concealed corners of the heart is not truly top-quality and great art. It is precisely because art has its roots in people's hearts that the will of the people and changes in people's thoughts, feelings, and spirit are all tied to art. Great works of art are very educational because they reflect the will of the people.

In short, art has irresistible strength. For this reason, the role of art as a means of aesthetic education must never be ignored. When we were young, we were influenced and educated by "On the Songhua Jiang" and other works of literature and art that served the war of resistance against the Japanese. On the eve of liberation, we were influenced and educated by "Changes in the Li Family Village," "The White-Haired Girl" and other works of literature and art of the liberated areas. Today, in the course of building a modernized and powerful socialist country, our writers and artists should use their artistic works to influence and educate our younger generation with a spirit of the times and a sacred sense of responsibility. The current principal task of literature and art, which is also the most pressing aim and demand of aesthetic education, is to ensure that our generation of people can dedicate themselves to the four modernizations and work selflessly for socialist construction with nobler hearts, healthier thoughts and feelings, and with a more lofty spirit and moral integrity.

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GREAT ACHIEVEMENTS IN ECONOMIC AND SOCIAL DEVELOPMENT IN THE 35 YEARS
FOLLOWING THE FOUNDING OF THE PRC (STATISTICAL DATA, PART X)

Beijing RED FLAG in Chinese No 22, 16 Nov 84 p 39

[Article by State Statistical Bureau]

[Text]

The Development of Foreign Trade

					1983 figures as a percen- tage of 1950 figures (%)	1983 figures as a percen- tage of 1978 figures (%)
	Unit	1950	1978	1983		
Total turnover of imports and exports	100 million yuan	41.6	355.1	860.15	1,970	142.2
Total turnover of exports	100 million yuan	20.2	167.7	438.33	2,070	161.4
Total turnover of imports	100 million yuan	21.4	187.4	421.82	1,870	125.1
Breakdown of total exports:						
Primary products	Percentage	(83.4)		43.3		
Manufactured goods	Percentage	(16.6)		56.7		
Breakdown of total imports:						
Primary products	Percentage	(18.7)		27.2		
Manufactured goods	Percentage	(81.3)		72.8		
Exports of major commodities:						
Pigs in terms of pork	10,000 tons	3.35	19.36	33.21	890	71.5
Aquatic products	10,000 tons	0.97	9.20	10.46	980	13.7
Tea	10,000 tons	1.88	8.69	13.30	610	53.0
Cotton cloth	100 million meters	0.28	10.96	13.25	4,630	20.9

					1983 figures as a percen- tage of 1950 figures (%)	1983 figures as a percen- tage of 1978 figures (%)
	Unit	1950	1978	1983		
Petroleum	10,000 tons	1,349	2,031			50.6
Tungsten ore	10,000 tons	0.88	1.82	2.39	170	31.3
Imports of major commodities:						
Grain	10,000 tons	6.69	883	1,344	20,000	52.1
Cotton	10,000 tons	13.39	50.95	22.31	6,660	-56.2
Animal and vege- table oils	10,000 tons	0.28	33.01	13.26	4,640	-59.8
Wu Tang [7005 4743] sugar	10,000 tons	5.00	129.90	190.00	3,700	46.3
Steel products	10,000 tons	40.75	863.76	977.97	2,300	13.2
Chemical ferti- lizers	10,000 tons	11.61	733	1,519	13,000	107.2

Note: 1950 and 1978 figures are based on Ministry of Foreign Trade figures, while 1983 figures are based on customs figures. Figures within parentheses denote 1952 figures.

The Development of Tourism

	Unit	1978	1982	1983	1983 figures as a percentage of 1978 figures (%)
Number of tourists	10,000 people	180.92	792.42	947.70	424
Foreigners	10,000 people	22.96	76.45	87.25	280
Overseas Chinese	10,000 people	1.81	4.27	4.04	123
Compatriots from Hong Kong, Macao, and Taiwan	10,000 people	156.15	711.70	856.41	448
Total earnings from tourism	100 million yuan	4.52	15.70	18.59	311

CSO: 4004/10

WHY IS IT NECESSARY TO APPROPRIATELY REDUCE THE SCOPE OF MANDATORY PLANNING?

Beijing RED FLAG in Chinese No 22, 16 Nov 84 pp 40-41

[Article by Wei Liqun [7614 4409 5028]]

[Text] Appropriately reducing the scope of mandatory planning and extending the scope of guidance planning are important phases in the reform of China's planning system.

So-called mandatory planning is a type of planning along the lines of a directive or order. This type of planning uses compulsion as restrictive force on departments and units at various levels. Once formulated, it must be obeyed and carried out and cannot be changed or disregarded at will. Under the existing planning system of our country, many phases of the production, construction, circulation, and distribution sectors, economic activities, and social enterprises all universally and to a great degree adopt the management form of mandatory planning. For example, at present in industrial production, over 160 categories of products are under the mandatory planning of the State Planning Commission, over 1,700 categories of products are under the control of the various industrial departments of the State Council, and an even larger number of products are under the control of the provinces, municipalities, autonomous regions, and organs at the district or county levels. It is estimated that the output value of products under the mandatory production plans formed by central and local government organs at various levels for the industrial enterprises makes up about 90 percent of the gross industrial output value of the whole country. One of the basic problems of the existing planning system is that the scope of the mandatory planning is much too broad.

Since mandatory planning principally depends on administrative measures to control economic activities and since the targets specified are concrete, the overly broad scope of this form of control creates problems on two sides. On the one hand, units carrying out the plan, particularly the enterprises, have to comply with and are restricted in everything by the plan targets set by the upper levels. They lack decisionmaking power in production and operations. This seriously restricts the enthusiasm and initiative of the enterprises, making them "eat from the same big pot" at the expense of the state. On the other hand, the departments formulating the plans frequently proceed from their subjective wishes and rely on experiences to set the plan targets,

thus dislocating the plans from reality. As a result, certain passive phenomena have universally appeared in economic life: 1) Production and demand are seriously dislocated. Enterprises frequently engage in production chiefly for the purpose of fulfilling the planned targets, and do not consider how to produce to better satisfy social needs. As a result, the products are not marketable. Frequently, large quantities of products have stockpiled or the supply of products lags behind demand. 2) The economy lacks vitality. Because there are too many mandatory plans, the enterprises cannot fully utilize the law of value and market mechanisms to introduce new products and adopt new techniques to suit the demands brought about by market mechanisms to introduce new products and adopt new techniques to suit the demands brought about by market changes. This results in the variety of products easily becoming monotonous, technological progress being too slow, frightening losses and waste, and poor economic results. At the same time, due to neglecting the role of regulation by market mechanisms, development of the small commodities of daily use which are directly tied to the people's lives and of the commodities linked to the service and the repair trades has slowed and many of the needs of the populace cannot be met. 3) It is difficult for socialist production to progress smoothly. Under the situation of too many mandatory plans, the units carrying out the plans usually tend to ask for more investments and more material resources and always strive to have the planned targets as low as possible. If planning departments are not fully conversant with realities on various sides, frequently either there are gaps in the plans or the targets are forced on the lower levels. Thus, the plans have an unavoidably questionable character. This is an important reason why a state of anarchism frequently appears in a planned economy. In short, a main defect in the existing planning system of our country is that the scope of mandatory planning is too broad. It causes the entire economy to lack flexibility and vitality, is disadvantageous to the balanced and coordinated development of the national economy, and adversely affects the full display of the superiorities of the socialist system.

Lenin said: "Constantly and consciously maintaining a balance is, in reality, the nature of planning." ("Collected Works of Lenin," Vol 3, p 566) To achieve this we should adopt different concrete forms and methods. Mandatory planning is one of the forms, and guidance planning is another important form. The present stage in the socialist planned economy in our country is being carried out under the continuation of and demand for a vigorous development of commodity production and commodity exchange; in other words, a planned commodity economy. Since the various sides of our socioeconomic life are indivisible from commodity, money, and prices, the law of value will naturally play a role in the extensive spheres of production, circulation, and distribution. Guidance planning mainly adopts economic measures in regulation work, makes better use of the law of value to serve planned economy, and enables the state plan to more fully conform with the realities and to be effective. Hence, at present and from now on for a prolonged period our guideline should be to appropriately reduce the scope of mandatory planning and extend the scope of guidance planning. At the same time, the role of regulation by market mechanisms must be brought to better play.

Actual practice in recent years in our country has shown that after reduction of the scope of mandatory planning, the decisionmaking power in organizing and managing economic activities of the localities and enterprises can stimulate and flexibly develop production and operations. This is advantageous to promoting the development of the productive forces and increasing economic results. Beginning in the second half of 1979, Guangdong Province gradually reduced the number of agricultural products of the first and second categories subjected to unified purchasing and assigned purchases by the province from 111 to 16, reduced or fixed the assigned purchasing tasks of the second category of products, and enlarged the scope of free purchases and marketing. These reforms have enlivened the rural economy, promoted commodity production, brought prosperity to the markets, enriched the sources of supply of goods, provided a full variety of goods, and facilitated buying and selling. State subsidies of fresh and live products have been greatly reduced and subsidies of the "three birds" (chicken, duck, and goose) and fruits have been basically abolished. In the economic readjustments during the past few years, the state's assignments of production tasks to the machine building industry were greatly reduced. This forced many of the enterprises, in pursuance of the economic readjustment tasks and market changes, to find their own way out and expand the areas of their services. This has promoted progress in technology. Thus, from 1979-1981, the new products of a national nature developed by the machine building industry averaged 931 kinds each year, an increase of 30 to 50 percent over the annual average in previous years. The quality of the products was also clearly improved.

Reducing the scope of mandatory planning and correspondingly extending the scope of guidance planning and regulation by market mechanisms naturally do not mean the complete abolition of mandatory planning. In accordance with the basic national conditions of our country, regarding important products with a bearing on the national economy and people's livelihood which need to be allocated and distributed by the state and regarding important economic activities related to the situation as a whole, it is still necessary to retain a definite scope of mandatory planning. These are the necessary conditions for maintaining the unified nature of the national economy and its coordinated development and are also the important logical premises for ensuring that the whole economy is full of vigor and vitality and progresses well. At the same time, reducing the scope of mandatory planning and extending the scope of guidance planning and regulation by market mechanisms constitute a relatively complex task. Under the present conditions of the economic relations still not being completely in good order, particularly the irrationality of the pricing system, we must adopt a firm attitude, our steps must be sure, and our work must be solid and practical. In particular, in order to mesh with extending the scope of guidance planning and regulation by market mechanism, it is necessary for the state to make a better overall utilization of various economic tactics such as pricing, taxation, credits and loans, and so on; formulate the necessary economic laws and regulations; and strengthen economic information collecting, forecasting, and advisory work, thus promoting the healthy development of the economy and ensuring the smooth progress of the reforms.

CSO: 4004/10

WHY IS THE STATE PLAN FOCUSED ON MEDIUM-TERM AND LONG-TERM PLANNING? WHAT IS THE GOOD OF DOING SO?

Beijing RED FLAG in Chinese No 22, 16 Nov 84 pp 42-43

[Article by Wang Yongyin [3769 3057 6892]]

[Text] Focusing the state plan on medium-term and long-term planning is an important reform in the planning work of our country. It is a big step forward in the direction of forming an integrated and scientific planning system.

Since the institution in 1953 of a planned economy on a nationwide scope in our country, despite a fairly good 5-year plan in the First 5-Year Plan period and in the Sixth 5-Year Plan period, in all other periods, despite the compilation of plans for different 5-year periods, the great majority of medium-term plans have just been outlines, without having been formed into integrated and closely knit planning projects. Moreover, for various reasons they were never earnestly executed. As for plans for longer periods, the 12-year scientific development plan formulated in 1956 was the only one that, relatively speaking, was a success and has played an important role in promoting scientific and technological development in our country. As for other various kinds of long-term plans, regardless of whether they concerned planning for the whole national economy or for industries and trades or localities and regardless of whether they covered a 10-year period or a 20-year period, all of them merely specified certain visionary long-term targets and consisted of certain rough outlines of thought. In reality, they lacked not only a necessary overall balance and a reliable basis, but also effective measures to ensure their success. Naturally, it could hardly be imagined that they could have been seriously put into operation. Hence, for a considerable length of time after 1958, the basic form of planning and control in our country was principally done on a yearly basis. Our state planning department would revolve around the yearly plan, while medium-term and long-term planning were more or less ignored. This state of overemphasizing the yearly plan and neglecting medium-term and long-term planning makes it very difficult to take into account the inner demands of planned economy and its superiority, and is disadvantageous for a rapid progression of the national economy geared toward improving economic results.

Theoretically, socialist production is social reproduction on a continuously expanding scale. It is broken down into definite sections and allows for continuity. As a basic measure to organize and regulate major economic activities, the formation of a series of plans that duly reflect the special features of the sectional and continuous character of economic development is required. That is, plans must follow in succession. They must fundamentally link annual plans, medium-term plans, and long-term plans. Only in this way can the demand for the planned and proportionate development of the national economy be met. In this integrated series of plans, medium-term and long-term plans should be foremost. This is because medium-term and long-term plans have a longer timeframe than annual plans in which to produce effects and can most fully and clearly denote the sectional and continuous character of economic development. They are more advantageous for considering strategic problems which yearly plans are unable to tackle, helping concentrate forces so as to accomplish big projects, and playing a forceful and promotional role in speeding up economic development and bringing about a benign economic cycle. It may be said that the superiority of planned economy is all the more seen in medium-term and long-term planning.

Viewed from actual practice over the past 30 years and more, during periods when we had fairly good and stable medium-term and long-term planning and were truly able to put them into effect, such as the First 5-Year Plan period and the current Sixth 5-Year Plan period, there has been smooth development of the economy and relatively notable results achieved. On the other hand, during periods when scientific medium-term planning or long-term planning was lacking, for one reason or another our economic development always ran into some problems, sometimes resulting in serious setbacks. In 1958 under the Second 5-Year Plan, we learned a lesson about abandoning construction and indulging in blind construction on an enormous scale, which is the most convincing case in point. Why is it that our construction has frequently made good starts but the vitality to follow up well has been lacking, resulting in an increasingly acute situation in the energy and communications sectors? Why is it that we cannot stop the phenomena of simultaneous surveying, planning, and construction which violate the capital construction procedure? And why is it that certain yearly plans have been constantly changing and many projects, started one year, have had to be discarded the next? Although many reasons can account for these phenomena, the practice of taking short steps without the benefit of medium-term or long-term planning must be thought of as an important reason.

The following are the advantages of focusing the state plan on medium-term and long-term planning:

First, medium-term and long-term planning specifies for a designated strategic period the development targets, guidelines, tasks, and projects for execution, helping people to clearly see the prospects for future development, without confining their vision to only the first step. This planning also unites what is being done at present with the realization of long-range major objectives. It strengthens consciousness in performing various jobs well and prevents the possible appearance of blindness in action.

Second, medium-term planning in our country generally refers to 5-year plans and long-term planning is usually 10-year or 20-year plans. The time periods specified in medium-term and long-term planning generally correspond to the construction periods for large and medium-sized construction projects or big and important technical transformation projects. They are in line with the time required for the state's scientific and technological projects to tackle difficult problems and for promoting and putting into effect important scientific and technological discoveries. They also conform with the time required for development of the intellect, improving the geographical distribution of the productive forces and readjusting economic proportions. This thus breaks the limited nature of the time period and strength of annual plans. It enables us, considering long-range needs and on the basis of the anticipated gross volume of financial resources and material resources available during the plan period, to make suitable arrangements for and develop certain backbone construction projects which have a bearing on transforming the whole economic and technological appearance, to train personnel with a set purpose and systematically, and to adopt a series of important measures to improve the economic system and gradually bring about rationalization of the economic structure.

Third, because medium-term and long-term planning can relatively fully reflect the continuity of economic development, it helps in meeting the inner demands of economic development, in looking ahead and behind, and in making overall arrangements. It not only can prevent doing things now that should be left to the future and prevent aggravating the acute state in finances and material resources, thus avoiding the difficulty of balancing the annual plans, but it can also avoid delaying or putting aside certain things that should have been done earlier in the period based on objective needs but which were left to subsequently be done in haste. In other words, medium-term and long-term planning can better link the economic activities of the various years, make rational arrangements for what should be done and what should not be done each year, and remove the defects of only caring for the present and failing to look ahead.

Fourth, it helps in heightening the scientific character and accuracy of planning. The key to heightening the scientific character of planning lies in putting planning on a reliable basis, which annual plans can hardly accomplish. For example, in formulating the target for agricultural production in an annual plan, the general practice is to refer to the conditions of a good or bad harvest of the preceding year and then to estimate the extent of progress in the coming year, mainly counting on an increase but not a decrease. In reality in agriculture, the good or bad conditions of harvesting vary from year to year and the results cannot always be a vertical rise. Hence, in annual plans the agricultural production targets frequently differ considerably from the actual results. However, in medium-term and long-term planning, because of the longer periods involved, the various advantageous and disadvantageous factors through the years can be taken into consideration and, on the basis of the law of regularity of harvesting conditions, it can be determined whether to adopt a weighted average target or a sum-total target. This is definitely more scientific and accurate than the increasing targets usually found in annual plans.

Fifth, in the past, the state planning departments took compiling annual plans as the major task. Since various contradictions must be solved in the annual plan, their task was rather complex. Frequently "a yearly plan plans for the whole year." They had little time to do investigation work and actually lacked the ability to study the big and important problems continuously appearing in economic life. The consequences of grasping minor issues and neglecting the major ones were that the state planning departments could not truly perform the functions being in charge of economics. Dissatisfaction was thus rampant on various sides. If medium-term and long-term planning is taken as the center, the state planning departments can have enough time to investigate and understand the new situation in economic, social, scientific and technological development, to study new problems, and to concentrate their energy on considering the big and important guidelines, policies, and strategies related to the whole economic situation. This will make the medium-term and long-term plans approach and conform with the realities, avoiding the past phenomena of a demand for urgent measures, doing the job promptly, and have to make many changes. At the same time, the localities, departments, and enterprises can know "several years ahead," and can have greater decisionmaking power in their own work. They can, within the scope of the medium-term and long-term plans, autonomously readjust and follow up their respective operation activities, and set up stable economic relations, without having to wait passively each year for the state plan before contemplating their own actions.

CSO: 4004/10

SOME DISADVANTAGES IN THE ECONOMIC SYSTEM WHICH HAD ALREADY BEEN PERCEIVED
IN 1956

Beijing RED FLAG in Chinese No 22, 16 Nov 84 pp 44-45

[Article by Tang Zongkun [0781 1350 3540]]

[Text] The economic system which we formed in the early days of the PRC played a positive role in the economic recovery and construction of the time. However, since the socialist transformation had basically been completed, certain problems of overcentralization and overrigidity showed up in the economic system. The CPC Central Committee promptly examined this situation. In his "On the Ten Great Relationships," Comrade Mao Zedong pointed out: "We cannot, as the Soviet Union did, centralize everything, exercising rigid control over the regions, not allowing even the slightest freedom for local initiative." "I am afraid it is not appropriate to centralize everything at the Central Committee or provincial or municipal level, not giving factories any rights, any room for movement, or any interests."

At the time, Comrade Chen Yun, who was in charge of the central economic work, carried out systematic research, and in his speech to the Third Session of the First NPC in June 1956, and in particular at the Eighth National CPC Congress in September of the same year, pointed out three major problems in the economic system of the time.

The first was that measures such as unified ordering, purchasing, and marketing adopted in order to transform capitalist industry and commerce were no longer appropriate to the new conditions obtaining after the transformation. First, many factories subject to unified marketing of their goods did not worry about product quality as they would if they had to sell the goods themselves, to the extent that product quality was dropping universally. Second, the work of ordering goods from factories was concentrated among a few wholesale companies, and the vertical relations between these companies and the grassroots commercial enterprises meant that the latter could not directly buy goods from factories according to consumer needs, so there was minimal variety in industrial products, goods could find no markets, and the phenomenon of goods piling up in one place and being scarce in the other appeared. Third, the amount of processing work given by state-run commerce to factories varied in quantity, and the supply of raw materials was never

right. Fourth, agricultural and sideline products were purchased by local purchasing and marketing cooperatives or by state-run commercial organs, and there was no competition from other buyers, such that production was affected.

The second problem was that since the various sectors of the society undertook the work of the socialist transformation of industry, handicrafts, commerce, and transport, they lacked close cooperation and coordination, such that the original links between commerce and industry in terms of buying and selling were destroyed, as were the links between artisans and shops.

The third problem was that during the high tide of socialist transformation too many factories, shops and workshops were merged, and too many units existed which carried out unified accounting, leading to over-uniform production of commodities, lack of quality in services, and the inability to meet the various needs of the people arising from the great economic changes, such that consumers were subject to great inconvenience. At the same time, too little attention was paid to the sideline industries which should have been run by individual households, and this, along with various other effects, meant that the production of some sideline goods dropped.

In order to solve the above questions, Comrade Chen Yun put forward the following reform measures.

First, "the method of the commercial bureau carrying out commissioning for processing with regard to factories should be changed to a method whereby the factories themselves purchase raw materials and sell their own products." "Apart from those raw materials the supply of which could not meet demand and which the state would therefore distribute, raw materials would be purchased freely by factories." The commercial bureau "would continue to carry out unified purchasing and marketing of vital goods with an effect on the people's lives such as cotton, cotton cloth, coal, grain, and so on"; but "for smaller daily goods, unified purchasing and sales should gradually be replaced by free purchasing and sales." "Those commodities not purchased could be sold by the factories themselves, or they could entrust the commercial bureau to sell them as an agent."

Second, the commercial bureau "would change from a top-to-bottom ordering of goods to a bottom-to-top selection and purchasing." "The lower level shops may purchase goods from any wholesaler anywhere in the country, and may also purchase directly from factories." "Within China's borders, no area may cut itself off from any other area."

Third, "the greater part of industrial, handicraft, agricultural and commercial products must be produced and managed in a dispersed way." Handicraft industries "must change from being managed by large cooperatives to being managed by many smaller cooperatives, with accounting done not by the entire cooperative but by smaller units or families." "The method of small business people and traders carrying out their own management within cooperatives should carry on for a long time to come." Within agricultural communes, "much of the sideline production should be managed in a dispersed

way by commune members," and "commune members should be given more private plots."

Fourth, "those methods of market management which were adopted in order to limit speculation and profiteering by capitalists should be eliminated." Apart from grain, cash crops, and the main agricultural sideline products which would still "be purchased in a unified manner by the state or by purchasing and marketing cooperatives on behalf of the state," some agricultural sideline products, such as small crops, "should be allowed to be purchased and marketed freely by local state-run shops, cooperative shops, small cooperative groups and purchasing and marketing cooperatives, and any blockages prohibited." Banks should "improve their management of funds and loans, cutting out overcomplex methods and adopting the flexible approach China's banks used to have."

Fifth, prices should be readjusted, "such that our pricing policies benefit production." We must not "see stable prices simply as 'unified prices' or frozen prices."

Sixth, "state planning and management methods over certain commodities" should be changed. The various quotas drawn up for daily products in state plans "should only be used as reference, and the factories producing the products be allowed to fix their own quotas according to market conditions."

To sum up, Comrade Chen Yun made the following statement: "The situation in our socialist economy will be as follows: In the sphere of commercial and industrial management, state management and collective management represent the main part of industry and commerce, but there will also be a certain amount of secondary individual management. This individual management is a supplement to the state and collective economy. And in the sphere of production plans, the major part of the nation's industrial and agricultural products will be produced according to plans, but at the same time part of them will be produced freely within the limits of the plans according to market changes. Planned production is the main part of industrial and agricultural production, and free production according to market changes is supplementary. Therefore, China's market cannot possibly be like the free market of capitalism, but is a unified socialist market. Within this unified socialist market, the state market is the main one, but there is also a free market within certain limits which acts as a supplement. This free market operates under the leadership of the state, and as a supplement to the state market, and is therefore an integral part of the unified socialist market."

Comrade Chen Yun's critique of the economic system of the time and his measures for reform were arrived at by starting from reality. But under the influence of the "left" ideological line which followed, they were not carried out.

THE ENTERPRISES WERE NOT GIVEN DECISIONMAKING POWER WHEN POWER WAS DELEGATED
ON SEVERAL OCCASIONS IN THE PAST

Beijing RED FLAG in Chinese No 22, 16 Nov 84 p 45

[Article by Su Siben [5685 1835 2609]]

[Text] Between 1958 and 1976, there were three major delegations of power in the sphere of the economic system, but in each case they were limited to readjusting the power relations between the center and the localities and between the departments and regions, and failed to touch on the important issue of delegating autonomy to enterprises.

The first time was in 1958. On 11 April 1958, the CPC Central Committee and the State Council promulgated "Certain Resolutions Concerning the Devolution of Power to Industrial Enterprises," in which they pointed out that the industrial departments of the State Council, apart from continuing to manage certain major, special and "pilot" enterprises, should devolve power to all other enterprises in the localities. On 2 June of the same year, the CPC Central Committee published its "Regulations on the Devolution of Power to Enterprises, Business Units, and Technological Forces," in which it was decided to devolve to the localities the rights of management over all or the vast majority of industrial, communications, and commercial enterprises. In 1957, there were over 9,300 enterprises under the direct jurisdiction of the central ministries, and after the devolution there were only 1,200, so that 88 percent had been devolved. The output value of enterprises directly under the central authorities in terms of their percentage of the overall industrial output value dropped from 39.7 percent to 13.8 percent. On 24 September 1958, the CPC Central Committee and the State Council promulgated their "Regulations on the Reform of the Planned Management System," in which they devolved the power over planned management. The specific decisions were as follows: The regions could carry out readjustment and arrangement of production targets in their area; they could carry out arrangement concerning the scale of construction, construction projects, and use of investment in their own areas; they could make use of the materials and goods in their own areas; and they could in general carry out independent use and distribution of the excess of major projects in their area. The order of planning was changed to one from bottom to top, with the aim of achieving an overall balance. At the same time, the documents also contained decisions to devolve power to authorize capital construction projects

and power over labor management, and also expanded local financial power and power over tax cutting. On 22 May 1958, the State Council published its "Regulations Concerning the Introduction of the System of Retention of Profits by Enterprises," which expanded enterprises' power over planning, finance, and personnel, but due to the disruption of the "Great Leap Forward" it was not carried out, and was withdrawn from the second half of 1959.

The second devolution of power took place in 1964. From 21 September to 19 October of that year, the CPC Central Committee convened a nationwide planning work conference, which put forward the idea that in 19 nonindustrial sectors (agriculture, forestry, water conservation, transport, commerce, education, health, culture, physical education, science and technology, purchasing and marketing, and urban construction), the basic construction investment would be designated on a yearly basis by the central authorities, while the regions would arrange projects and use of the funds. In the sphere of planned management, it was decided that the state would give the regions a certain amount of room for maneuver when drawing up control figures, while the regions would put forward opinions which would be absorbed into state plans following balancing. Products produced in excess of the state plans could be used by the regions according to ratios drawn up in the regulations to fulfill local needs. The industrial products managed by the State Planning Commission were reduced from 340 to 63. In the sphere of the administrative system, regional financial power was appropriately expanded, local reserve funds increased, and all property taxes given to the localities to carry out local housing maintenance and repairs. In addition, five other sorts of regional taxes were given back to the regions to be part of their fixed income. In the sphere of management of goods and materials, local and departmental power was expanded, and the products of the "five small" enterprises in the regions (that is, small agricultural machinery production, small iron and steel works, small coal production, small chemical fertilizer production, and small cement works) were basically given back to the regions for their own distribution. This devolution of power also failed to touch on the question of enterprise autonomy.

The third devolution of power took place in 1970. On 5 March of that year, the "Bulletin Concerning the Devolution of Power Over the Enterprises Directly Under the Jurisdiction of the State Council Industrial and Transport Departments to the Localities (Draft)," which was based on the "Fourth 5-Year Plan Program (Draft)." This document demanded that the vast majority of enterprises and business units directly under the jurisdiction of the industrial and transport departments of the State Council be devolved to the regions in terms of management; a small number would be run jointly by the center and the regions, with the regions as the main; and a tiny minority of large-scale backbone enterprises would be managed again jointly by the center and the regions with the center as the main. In May of the same year, the CPC Central Committee decided to devolve management power over a total of over 2,600 enterprises, including the Daqing oilfield, the Changchun car factory, the Kaifeng mine, and the Jilin chemical works. After this was carried out, there were only 500 enterprises left under the

direct jurisdiction of the CPC Central Committee's civilian department, of which 142 were factories. The industrial output value of those enterprises remaining under the Central Committee dropped from 46.9 percent of total industrial output value in 1965 to only 8 percent in 1970. This devolution also included "contracting" for financial expenditures, distribution of goods and materials, and capital construction investment, but it was still limited to the issue of dividing power between the center and the regions, and the situation of enterprises lacking autonomy continued to exist.

CSO: 4004/11

HOW WE HAVE CONDUCTED REGULAR THEORETICAL EDUCATION FOR CADRES

Beijing RED FLAG in Chinese No 22, 16 Nov 84 pp 46-48

[Article by the Propaganda Department of the Hebei Provincial CPC Committee]

[Text] In January this year, the extensive masses of cadres in our province, simultaneously with studying the documents of party rectification and complying with the demand for regularizing theoretical education for cadres, systematically began the study of political economy. By the end of July, cadres of the whole province, particularly party and government leadership cadres at the county level and above, resorting to various forms such as training in rotation in party schools, "small centralized groupings," and firmly insisting on observing of the custom of learning days, had, in an organized manner and systematically, studied the portion on capitalism in political economy. Certain localities held sectional tests, achieving fairly good results. At present, the cadres are proceeding further to study the portion on socialism. It is anticipated that the studies will be completed by next January when the province will carry out tests on unified topics and cadres with passing grades will be given graduation certificates in different subjects. Thus this has initially overcome the past defects of the phenomena of rashness and of dealing with matters in a piecemeal manner in the theoretical education of cadres and enables theoretical education for cadres to begin to become regularized.

We are going to discuss the methods of dealing with this as follows:

Raising the Consciousness for Regular Studies

The gigantic practice in socialist modernization in the new historical period urgently demands that the study of Marxist theories be put on an important footing, so as to enable the extensive masses of cadres to grasp and utilize the stand, viewpoints, and methods of Marxism, to correctly understand and follow the party's road, guidelines, and policies, and to handle in good time and properly the various problems emerging in the course of the four modernizations. However, for many years, as a result of the serious errors caused by "leftist" guidance thinking, particularly in the twisting of Marxism-Leninism and Mao Zedong Thought by the Lin Biao and Jiang Qing counterrevolutionary cliques, a tendency of overlooking theoretical studies has emerged in various localities. To arouse again the

enthusiasm for theoretical studies on the part of the vast masses of cadres and to clear up certain confused understandings of theoretical studies requires much intensive and down-to-earth work. Hence, we are grasping the elevation of the consciousness of the cadres for theoretical studies as the prerequisite to the development of regular theoretical education.

First, it is necessary to help the cadres to understand the importance of systematically studying theories and to strengthen their feeling of urgency for studying. Among our cadres, the great majority lack a systematic understanding of Marxist theories. Of the over 900,000 cadres in the whole province, only 17.7 percent have a cultural standing of university and specialized school level; of the 240,000 party and government cadres, only 12.9 percent have a cultural standing of university and specialized school level. Following readjustment of the organizational structure, notable changes have been made in the intellectual composition of leadership teams at various levels above the county. Still, a rather large number of cadres have not systematically studied the basic theories of Marxism. The situation is even worse in the case of leadership cadres of enterprises and units at the grassroots level. Since the 3d Plenary Session of the 11th CPC Central Committee, the vast masses of cadres, concurrently with studying the party's road, guidelines, and policies, have learned certain political theories and economic knowledge, but due to the lack of a systematic study of theories, they still do not have an intensive understanding of the party's road, guidelines, and policies. This is an important cause for certain cadres, under the new situation, reacting slowly to politics and being conservative in thinking. Hence, the provincial committee has grasped regular theoretical education as a strategic measure to raise the quality of the cadres. The leadership of the provincial committee, particularly First Secretary Comrade Gao Yang [7559 2254], wherever they go and wherever they talk, use facts to enlighten and educate people to see for themselves that under the new situation their thinking is unsuitable, their knowledge is unsuitable, and their methods are unsuitable, thereby enabling everybody to understand that if they still fail to study hard they cannot catch up anymore and can hardly create new situations.

Second, it is necessary to help the cadres to understand, from past experience and lessons in economic work, the important nature of regular theoretical studies. Under the leadership of Comrade Gao Yang, since last June, our province has promoted and developed the activities of summing up experiences in economic work and writing economic articles, stressing the use of economic theories to summarize experiences and lessons, then to find out the truth from the experiences and lessons and to explain which law had been violated and which tenet or principle had been violated. In the beginning, these articles appeared one after another in "loose-leaf" printed form but were subsequently published in book form. We grasped these advantageous conditions and in due time organized the cadres to read them, thus to impress on everybody the importance of learning theories from the profound lessons gained from past economic work. For example, an article entitled "Knowledge Gained at a High Price" disclosed that in the 12 years from 1969 to 1980 Hang Tong County undertook four major water conservancy projects one after another. They took altogether 12.24 million man-days and cost investments

amounting to 22.82 million yuan, but due to the violation of economic laws and natural laws, nothing was gained despite the payment of such an enormous price. Through studying articles of this kind, people were engaged in deep thought and asked: Why should certain leadership comrades have issued such blind orders, making the party and people suffer such enormous losses? One important reason was that at that time, under the influence of "leftist" ideology, cadres did not regard highly the importance of grasping economic knowledge and were not aware of economic theories. People who continue to look lightly on theoretical studies and set study and work against each other will be unable to lead the populace in socialist modernization. If the vast masses of cadres can closely link together studies and the great enterprise of the four modernizations, then the pressure and motive power of studies will be generated.

Third, it is necessary to resort to tests and examinations to promote studies so that people may, knowing that they are behind others, realize the importance of regular theoretical studies. Last November, the provincial committee issued a notice that this year a systematic study of economic theories would start, and in February announced a decision, at a meeting of secretaries of party committees of the districts, municipalities, and counties of the province, to conduct tests to examine the results of the initial studies made by the principal leadership comrades at various levels. As soon as this decision to conduct tests was made known, a fervor for the study of economic theories spread rapidly among the cadres of the whole province. As a result of the efforts made by everybody, the tests reaped fairly good results, and increased the cadres' confidence in learning well the economic theories. At the same time, certain comrades were made to realize their deficiencies in the studies. They decided to cast aside their official demeanor, willingly behaved like small students, and earnestly participated in the theoretical studies despite the pressure of their official duties.

Establishing a Healthy Management System for Conducting the Studies

Establishing various healthy systems pertinent to the studies and rigidly organizing and managing the studies provides an important guarantee for realizing a regular theoretical education of the cadres. Based on the special features of studies made by cadres at their posts, we have principally adopted the following methods and measures:

1. Instituting a healthy system for studies, setting up files for studies, and conducting the studies according to the rank of the cadres and the organ or department to which they belong. To rectify the unhealthy state of organizing the studies and the loose condition of their management in the past, this year, from the very beginning of the studies, the various district, municipal, and county committees further set up powerful central units for studies. As for the other cadres, the relevant organs or departments separately formed their own study teams or groups each of which is headed by the responsible comrade in charge of the unit or department concerned. Each team or group is provided with an instructor.

Following the formation of teams or groups, the names of cadres taking part in the studies are entered in the register for each team or group. Files are set up for recording the cadres' study conditions and their examination results. This will be taken as an important basis for assessing and using the cadres.

In order to protect the focal points and lead the rest, we have emphasized that the theoretical educational departments above the county level must first of all grasp well the studies of leadership cadres above the county level. As for cadres of other party and government organs, specialized and technical cadres and business management cadres, their studies come under the management of their respective organs or departments.

After the above-mentioned organizational and management methods have been carried out, the province will have formed a fairly good initial network for conducting the cadres' theoretical studies. This will enable all study activities to proceed in an organized and orderly manner.

2. Improving the various levels of coaching structures for the theoretical education of cadres and carrying out flexible and diversified methods of coaching and instruction. To meet the needs of the vast masses of cadres to study the basic theories of Marxism, beginning from the second half of last year, we have set up teaching groups at two levels, namely, the provincial and district levels, thus initially forming a specialized coaching or teaching force. Beginning this year, these two teaching groups adopted diversified forms of teaching and coaching activities. First, they organized broadcast tutoring lessons. Beginning from 1 April this year, the teaching unit of the provincial committee, making use of the provincial broadcasting station, gave broadcast coaching lectures on "Teaching Materials for Political Economy," edited by Jiang Xuemo [5592 1331 2875]. This provided comparatively systematic teaching materials for use in cadres' studies throughout the province. To solve reception problems all along the coastal areas or in the remote mountainous regions, the provincial broadcasting station has made tape recordings of the broadcasts. In the meantime, the Hebei People's Publishing House has published booklets of these lecture materials. Second, television coaching sessions have been conducted. Beginning on 8 March the coaching team of the Shijiazhuang Municipal Committee has been giving lessons on the municipal television station. The lectures are made weekly with each lecture lasting 3 to 4 hours. Third, enlarged classes and lecture tours were held. In the localities, aside from organizing the cadres to listen to coaching lessons broadcast by the provincial broadcasting station, the district and city coaching teams held enlarged classes for the centralized coaching of cadres of organs directly subordinate to the districts and cities and gave mobile lectures to cadres of the subordinate counties, giving answers to difficult questions raised by the cadres in the course of their studies. In addition, Hengshui District and Weichang County organized sparetime schools to educate cadres of organs directly subordinate to them and gave systematic classroom lectures based on the "Teaching Materials for Political Economy."

3. Setting up an assessment and examination system. This constitutes an important link in the regular theoretical education of cadres. Assessment consists primarily of examining the condition and results of the cadres' studies. The procedure adopted in the localities is: Checking the attendance conditions from the attendance records and noting the attitude of the cadres in their studies; noting the cadres' state of understanding of what they have learned by means of exercise work and scanning their written reports; and through study discussion meetings, group discussion meetings, and written reports by cadres on the knowledge gained and digested, assessing the cadres' improvement in ideology and in their work, and watching the cadres' capacity to make actual use of their knowledge after their studies.

The examinations include sectional tests and final examinations. By the end of July, certain districts and cities had held sectional tests on the portion on capitalism in the "Teaching Materials for Political Economy." In order to properly organize these tests, the localities generally followed the two following methods: One of them called for raising the cadres' understanding of regular tests so as to achieve the purpose of promoting studies and consolidating the knowledge gained; the other was to carefully organize the tests, adopting a set of measures which are relatively suited to the special features of the cadres. The questions in the test papers paid regard to both the ability to remember and the ability to understand, focusing on the latter. The tests adopted the open-book and closed-book methods. In the sectional tests, Chengde Region adopted a semi-open-book method. When answering the test questions, the participants were allowed to refer only to notes taken in book reading, but not to look at the books nor at the teaching materials. They were not allowed to discuss with each other and had to turn in their answers within the specified time period. Actually, comparatively good results were attained. In the whole region, 204 leadership cadres of the grade above the county level took part in the tests. All of them answered in 3 hours the 35 big and small questions in the test papers and good results of an average of 85.3 points were attained. The comrades reflected that these test questions had both depth and width; answering them was not too strenuous though not too easy either; at least they brought out the real results of the normal studying work.

In the assessment and test of the cadres' studies, Tongshan Municipal Committee even stipulated providing material awards to those who had earned good marks in ideological studies. In April, they gave awards to 37 leadership cadres above the county level who took part in the tests. This greatly increased everybody's enthusiasm for the studies.

Correctly Implementing the Principle of Linking Theory With Reality

Linking theory with reality is the principle which cadres must observe in their theoretical studies. In regular theoretical education, consciously insisting on this principle provides the key to obtaining better results in studies. At first, among certain comrades who lacked a correct understanding of the principle of linking theory with reality, two types of conditions had appeared. One was being too anxious to link with reality but not being

patient or earnest enough in studying the basic theories. For example, some comrades contended that it would be better to study the close relationship between the party's guidelines and policies with reality than to study the basic theories of political economy. In particular, they considered that studying the portion on capitalism in political economy was hardly related to socialist economic work, just like "distant water unable to quench thirst on the spot." The other condition was a complete departure from reality, tightly adhering to concepts and vainly discussing regulations, thus rendering the study of basic theories dry and tasteless and making everybody lose their interest in studying. Noting the above conditions, we began with improving the quality of the teaching and coaching work and helped everybody to correctly pose the relations between "studying" and "linking." First of all, we led everybody to earnestly study the books and to devote their efforts to learning and grasping the basic theories. We made it clear to everybody that the party's guidelines and policies had all been based on the basic theories of Marxism and that only in earnestly studying the books and clearly understanding the basic theories of Marxism would it be possible to deepen the understanding of the party's guidelines and policies and to improve one's ideological consciousness and capacity of understanding. Indeed, this is the basis for linking reality and solving the problems of reality. Without grasping basic theories but being anxious to link with reality will bring about a failure to solve the problems of reality and failure to learn the basic theories well. Hence, in the studies and coaching in the localities, everybody is helped to grasp the focal points and to timely solve the different difficult points in the studies. When confronted with points difficult to understand, explanations would be made face to face and repeatedly. Moreover, everybody was led to link with reality and to study for the purpose of application. In many localities in studying and discussing certain basic problems, when the contents of each and every chapter or section are concerned, certain relevant documents and articles would be selected for everybody to study and thoughtful questions would be raised for discussion, striving to achieve the purpose of uniting the study of basic theories with the study of the party's guidelines and policies, with the study of the book, "Selected Articles on Hebei's Economy," and with the current economic work, thus making studies and discussions become even more lively and penetrating.

Over the past half year, as a result of various localities carrying out the principle of linking theory with reality, the studies have achieved initial results. This is principally shown in the following three phases:

1. Grasping the theory of labor value, theory of surplus value and principle of capital accumulation, further understanding the exploiting character of capitalism and even more consciously insisting on the four basic principles. From learning the secrets of capital exploitation and such factors as the capitalists' relentless search for surplus value and the cyclical crises resulting therefrom and the relative overpopulation under capitalism, everybody has come to a deep understanding that all the ills of capitalism have grown from the system of ownership of the means of production by the capitalists; that the inevitable extinction of capitalism and the inevitable triumph of socialism constitute an objective law in historical development;

and that, be it in regard to the political system or to the economic system, socialism commands incomparable superiority over capitalism. All this has further strengthened the faith in socialism and in communism.

2. Grasping the general principles of commodities, money, and the law of value, further drawing a demarcation line between commodity production under socialism and commodity production under capitalism, being more at ease and bolder in developing socialist commodity production, and promoting reforms of the economic system. In the course of studying the relations of the ownership system in our country with the nature of labor force, everyone came to deeply understand that the system of private ownership of the means of production and labor becoming a commodity were the determining factors for transforming the monetary relations of commodities into capitalism but that under the socialist conditions in our country, because of the institution of the public ownership system of the means of production, labor force is no longer a commodity and therefore development of commodity production not only will not breed capitalism but instead constitutes a necessity in developing the productive force at the present stage of our country. At the same time, to meet the demands for the vigorous development of the commodity economy, it is also necessary to carry out reform of the current system of economic management. Heightening the thinking and theories of the vast masses of cadres has facilitated the development of work. Thus, in the first half of this year, production in the whole province, particularly in the countryside, displayed a new atmosphere of becoming ever more thriving every day while urban reforms were no longer hesitant in going forward.

3. Improving methods of work through the studies. The vast masses of cadres, particularly leadership cadres of party and government organs at various levels, learning from the general principles expounded by Marx in his analysis of capital circulation, capital turnover, and the reproduction of the gross capital of society, came to understand the general laws governing socialized large-scale production and became aware that in undertaking socialist economic construction it is extremely necessary to pay attention to the turnover of funds, to improving the economic results and to observing the economic laws of socialism. As a result of the raising of the consciousness of working in accordance with economic laws, the past practices of certain localities and units of simply relying on administrative measures to manage the economy and to guide economic work have begun to be rectified. An increasing number of party and government leadership cadres are being turned into managers who are fully conversant with economic work.

Over the past half year and more, we have done certain probing work into the carrying out of regular theoretical education. Due to the lack of experience, the work done has not been sufficient. From now on, we shall continue the probing and studying work by earnestly putting into practice the "Regulations Pertaining To Regularizing the Marxist Theoretical Education for Cadres" promulgated by the Central Department of Propaganda, and strive to achieve a new upsurge in theoretical education work for cadres.

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PEOPLE SHOULD BE ENCOURAGED TO THINK MORE

Beijing RED FLAG in Chinese No 22, 16 Nov 84 inside back cover

[Article by Zheng Zhi [2973 0037]]

[Text] Comrade Mao Zedong said: "Wisdom comes from much thinking." This means that, in order to do our work well, we should be diligent in our thinking and make more use of our brains.

Some people say that the achievements in our work have been the results of "making efforts" and have not been the results of "thinking." True, if we merely think over things and make no effort to do them, we will not facilitate doing these things no matter how good the plans are that we have thought out. If we think at will and do not proceed from reality in our thoughts, our thinking will do a disservice to us. However, if we proceed from reality, "learn the methods to analyze things, form the habit of analysis," make efforts while thinking, and think while making efforts; perhaps, the deeper we think, the better our work.

At present, there is a satisfactory trend of reforms and countless new things have emerged one after another. Whenever there is a report about a good practice somewhere, people want to go there to see for themselves. We should say that this is a good phenomenon, which shows that these comrades are willing to accept new things (of course, with the exception of those who travel to see the scenery on the excuse of visiting to see new things). However, we should not only see these things but should also think about them. For example, we should think about and discover the differences between the areas we visit and our areas; we should think about and discover which practices of other people can be learned by us and which cannot; and we should think about and find a way to transform what we have learned from others in order to adapt it to the actual conditions in our areas. If we visit without thinking, our time and travel expenses will be wasted. As a result, we will mechanically copy other people's experience and bring harm instead of good to our own work. What is the cause for the frequent malpractice of seeking "uniformity" and blindly copying one practice? Perhaps, this is related to the failure to think in learning from others.

We see that some people who are keen at reforms often promptly do what they have decided to do without any hesitation and are very effective in their work. This kind of work style is indeed admirable. However, we should probe deeper into this and should not stop at merely admiring this style. We should see that before they make a decision, they have certainly carried out adequate planning. They have not only made investigation and study and grasped much related information and materials, but have also carefully processed the information to remove what is false and keep what is true, to understand the essence of the information, and to reason things out. Otherwise, their promptness would become rashness. I think that we should not only learn from them their promptness in doing their work, but should also learn from them the work style of thinking deeply which enables them to do their work promptly and focus their energy on what most needs their energy.

When our work is being carried out smoothly, some of our comrades are often apt to be carried away by their achievements and neglect the link of "thinking." As a matter of fact, we should use our brains even when we are achieving successes. What are the conditions for our successes? What will be the prospects of development? What should be done in order to continue to forge ahead? ...We should think more about these key questions. By so doing, we will be able to maintain calm and thus scientifically control the situation.

We have even more need to think when we encounter setbacks. There are conditions for the saying: Failure is the mother of success. These conditions are that we should use our brains, find the causes for the setbacks, and draw on lessons from our failures. The actual situation is that often when one has committed an error, some people will say: "Never mind, we can regard the losses as paying tuition fees." If other people say this, of course it is of some positive significance if we take it as a warm encouragement. However, if the one who commits the error takes the lead in saying this, his attitude fails to be serious enough. No matter who says this, if nothing further is done after this is said, we have paid the tuition fee without learning anything. For, though we have paid the fee, we have not learned the lesson--we have not found the causes of the errors. What can be done if we continue to pay this kind of "tuition fee" without learning any lessons? We allow people to commit errors, but we should never forget that our goal is always success.

Some comrades are used to complaining that there is not enough time because they are too busy and have too much work to do, while they are very much used to immersing themselves in countless minor aspects of the work. When there is some idle time, they even have a sense of emptiness--they do not even know what to do. I am afraid that it is difficult to require these comrades to foster lofty aspirations or to achieve magnificent results in the reforms. We often say that in carrying out the four modernizations program, we should have a sense of the whole situation and a strategic insight. The "whole situation" and the "strategy" cannot be seen directly and can only be grasped by analyzing the objective situation and using our brains. Very obviously, in the current situation whereby information

becomes very important and the development of situations is rapid, and whereby it is increasingly imperative for the leading groups at all levels to take the initiative in handling various kinds of work, in order to become a creative, sober, and wise leader, one must manage to spare some time for the necessary thinking in arranging one's work schedule.

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END